

**CREE** 

  
*Wolf speed*

# **SUSTAINABILITY REPORT**

# **2020**

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# CEO MESSAGE

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Before we review our efforts over the last year, I want to acknowledge the unprecedented circumstances we all have faced across the globe due to the COVID-19 pandemic. Our thoughts go out to those affected by COVID-19 and to those working on the front lines to keep us safe. I also want to express my sincere gratitude to our employees and partners who have kept our business running during this difficult time. Our people continue to work safely and with great dedication to serve our customers and mitigate the headwinds associated with the pandemic.

As we continue to transform the company, innovating and delivering technology solutions that allow our customers and society to do more with less is at the core of what we do. Our solutions are driving change across the semiconductor market, enabling greater efficiency and performance, smaller systems and lower costs. These solutions are key to the electrification of the drivetrain, to support the shift to electric vehicles, wireless infrastructure to unlock the potential of smart cities, and power storage to enable broader adoption of alternative energy.

We've accomplished several important milestones in the past year, including announcing our Capacity Expansion Plan. We are investing about \$720 million over the next five years to support a significant increase in our silicon carbide wafer fabrication capabilities and materials production, which includes building the world's largest silicon carbide fabrication facility in New York's Mohawk Valley.

Aside from expanding our operations to better support the industry's transition from silicon to silicon carbide, we also made progress in a number of key areas.

## People first, people always

We remain committed to creating and sustaining a culture where all employees are engaged and can contribute to their full potential. This includes ensuring our employees are empowered to actively identify and correct safety concerns, take ownership for working safely, and recognize employees who promote a safe work environment.

Our culture also fosters an inclusive workplace, and our hiring efforts develop employees from the communities where we operate. Our employees' daily experience and ability to do their best work remains our top priority. We fuel long-term growth opportunities for our employees through an internal mobility practice that combines ongoing workforce development, leadership training, education assistance and career path planning. In 2019, we enhanced these efforts through multiple initiatives, including the launch of the Technician Certification Program.

## Diversity, equity & inclusion

We also continue to make progress in fostering a culture of diversity, equity and inclusion encompassing all employee differences and identities. Recent social injustice events that have transpired across the nation have not only underscored our conviction in these efforts for Cree | Wolfspeed but has inspired us to do our part to be a force for change in the communities where we operate. We are building an environment where inclusivity is real and active rather than theoretical and static, as evidenced by the recent appointment of our first Director for Diversity, Equity and Inclusion.

We also continue to develop relevant Employee Resource Groups. In 2019, our Women's Initiative group hosted our first Inclusion & Diversity Conference at our headquarters. The conference explored workplace-related topics on cultivating diversity of thought, perspectives and life experiences so critical to our success, including what it means to be intentional about diversifying through inclusion.

## Community engagement

Our company-wide philanthropic program progresses with the mission to help our communities ensure our neighbors have a roof over their heads, enough to eat and an opportunity to excel. Specifically, we support Habitat for Humanity, local food banks, and STEM programs through direct corporate contributions and employee volunteer time.

Additionally, as part of our Capacity Expansion Plan, we are committed to partnering with local community and four-year colleges in North Carolina and New York to develop training and internship programs to prepare their workforce for the high-tech employment and long-term growth opportunities in both regions.

## Processes that protect the environment; products that improve it

Our products enable customers to deliver solutions that significantly reduce greenhouse gas emissions by displacing fossil fuel usage in transportation and energy generation and storage. Our goal is to safely design and develop products that realize energy efficiency, minimize environmental impacts, and have sustainable life cycles.

In our operations, we promote improvement to our environmental performance and reductions to the overall impacts of our manufacturing processes. From a quality perspective, we continued to advance our "Zero-Defect Mindset" throughout our factories. This mindset helps us reduce waste, improve raw material usage, as well as increase customer satisfaction to meet the standards required by target industries.

We recognize the future possible environmental, social, and economic impacts associated with climate change. For the fourth consecutive year we employed the CDP Climate Change reporting framework to communicate our climate change risks, opportunities and impact. With our focus of becoming a powerhouse semiconductor company, we have developed a new EP100 goal in 2019 to double our manufacturing energy productivity in terms of revenue per MWh of energy consumed during manufacturing from 2017 to 2040.

## Innovating for a better future

Cree | Wolfspeed has represented innovation since our founding over thirty years ago. Through the talents and dedication of our world-class team, we are once again leading a significant shift in technology as the world moves to efficiently electrify its vehicles, cities and communications infrastructure. We are excited about the future of the company and the advances we will make together in the coming years.

Sincerely,



A handwritten signature in black ink, appearing to read "G. Lowe". The signature is fluid and cursive.

Gregg A. Lowe  
President and CEO



# SUSTAINABILITY | **2020**



# SUSTAINABILITY REPORTING

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Cree | Wolfspeed's sustainability report has been prepared in accordance with the Global Reporting Initiative (GRI) Standards: Core Option. Our Health and Safety information has been reported using guidance from the Center for Safety & Health Sustainability. Refer to the GRI Content Index at the end of this report for more detailed GRI Standards information. Refer to the Materiality Assessment below to learn more

about how the content of this report was developed. Unless otherwise noted, this sustainability report focuses on our manufacturing operations in the US and China. Cree | Wolfspeed used an independent third party to perform a limited assurance verification of our Sustainability Report data. The Independent Assurance Statement can be found at the end of this report.

## MATERIALITY ASSESSMENT

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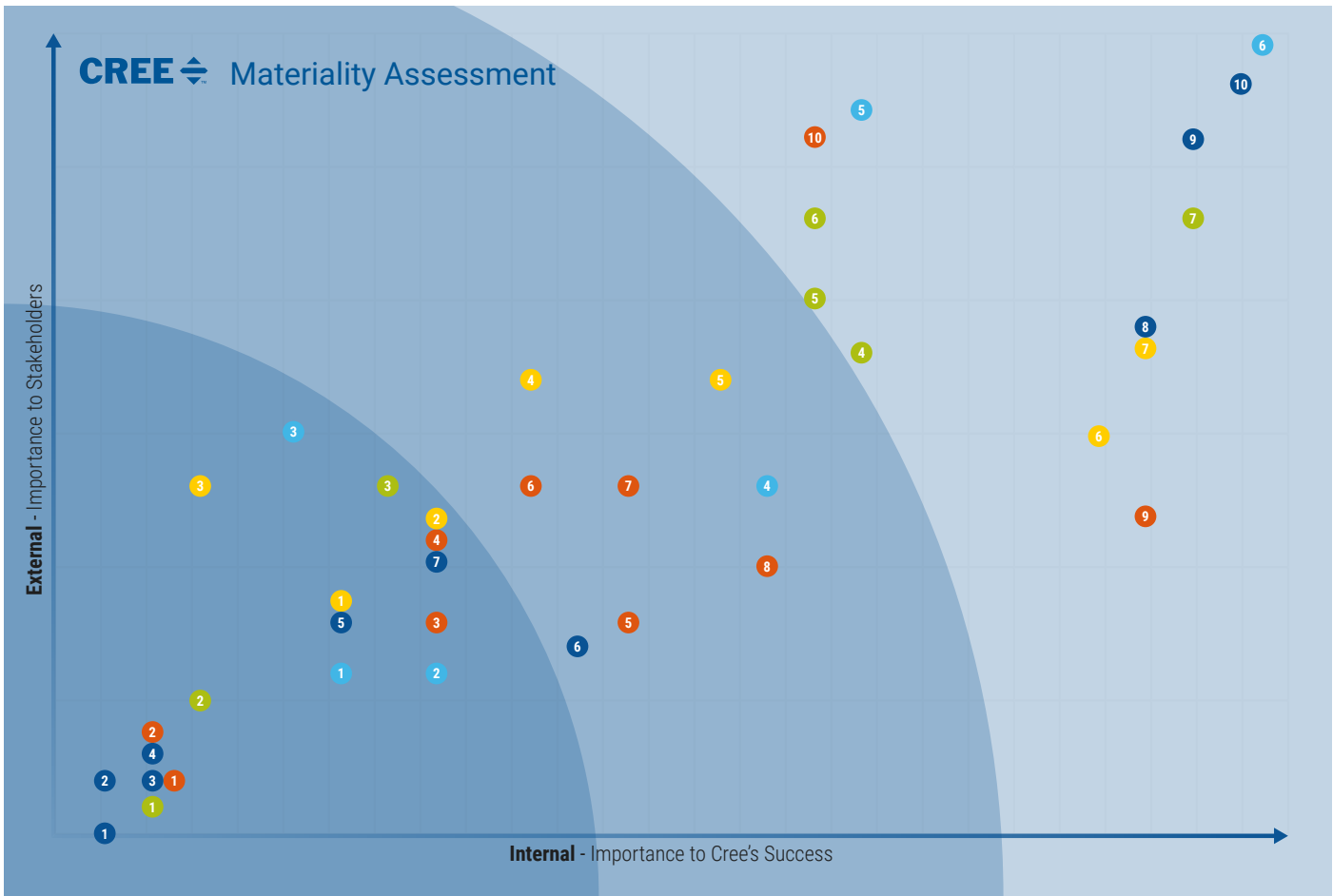
To better understand which environmental, social, and economic topics are material to Cree | Wolfspeed, we engage with our internal and external stakeholders.

Our internal stakeholders involved in our materiality assessment included employees of different departments within Cree | Wolfspeed. For our external stakeholder analysis, we reached out to suppliers, distributors, contract manufacturers, customers, investors, and trade associations. Other stakeholders who were not involved in the materiality assessment include insurers, competitors, government agencies, community members, and dependents/family of employees.

For stakeholder groups that we did not reach out to or if we did not receive responses from a stakeholder group during the materiality assessment, we referred to the Sustainability Accounting Standards Board's (SASB) standard for the semiconductor industry to ensure that our material topics chosen during our assessment are consistent with the semiconductor industry.

The results of the materiality assessment help us to better prioritize our areas of focus. The material topics shown in the top right-hand corner of the materiality matrix are reported on in greater detail per the GRI Standards.

# Materiality Assessment Report



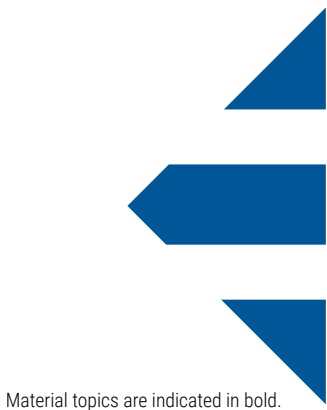
- ### Environmental
1. Water Scarcity
  2. Climate Change
  3. Raw Material Resource Scarcity
  4. **Water and Wastewater Management**
  5. **Air Emissions**
  6. **Waste Management**
  7. **Energy Efficiency of Operations**

- ### Social
1. Employee Diversity and Equal Opportunity
  2. Community Engagement (Local & Global)
  3. Sourcing of Conflict Materials
  4. Code of Conduct
  5. Labor and Employment Practices
  6. **Employee Attraction/Development/Retention**
  7. **Occupational Health and Safety**

- ### Economic
1. Contribution to Regional/Local Development
  2. Indirect Economic Impacts
  3. Growth in Emerging Markets
  4. Mergers and Acquisitions
  5. **Supply Chain/Sourcing Issues**
  6. **Financial Performance**

- ### Corporate Governance
1. Political Activity/Lobbying
  2. Geo-political Issues
  3. International Trade Regulations
  4. International Standards Compliance (REACH, RoHS, ISO 14001)
  5. Risk Management
  6. Stakeholder Dialogue/Transparency
  7. Corporate Governance
  8. Regulatory Compliance
  9. **Intellectual Property Security (Cyber & Data Security)**
  10. **Ethical Business Practices**

- ### Product
1. Packaging Contains Recyclable Materials
  2. Recognition/Awards
  3. Customer Health and Safety
  4. Product End-of-life Disposal
  5. Product Compliance
  6. Energy Efficiency of Products
  7. Product Affordability
  8. **Customer Satisfaction**
  9. **Product Innovation**
  10. **Product Quality**



# 2019 SUSTAINABILITY MILESTONES

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## **APRIL 2019**

Hosted an Earth Day event at our headquarters



## **MAY 2019**

In our second year of the Internship Program, we more than doubled the intern population, extended the program internationally and increased the diversity rate by 25%.



## **JUNE 2019**

Our North Carolina manufacturing sites rose to the Rising Steward level in the NC Environmental Stewardship Initiative program



## **JULY 2019**

Hosted our first Inclusion & Diversity Conference for employees at our North Carolina facilities



## **SEPTEMBER 2019**

Launched first English as a Second Language (ESL) Program



## **OCTOBER 2019**

Developed a new EP100 goal to double our energy productivity in terms of revenue per MWh of energy consumed in manufacturing by 2040.



## **DECEMBER 2019**

Our Huizhou facility reduced its production water consumption by 64% and electricity consumption by 20% from 2014 to 2019.



## **DECEMBER 2019**

Made the list of Bloomberg's 50 Companies to Watch in 2020

# CORPORATE PROFILE

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Cree is an innovator of Wolfspeed™ power and radio frequency (RF) semiconductors, lighting class LEDs and lighting products. Cree’s Wolfspeed product families include silicon carbide (SiC) materials, power-switching devices and RF devices targeted for applications such as electric vehicles, fast charging, inverters,

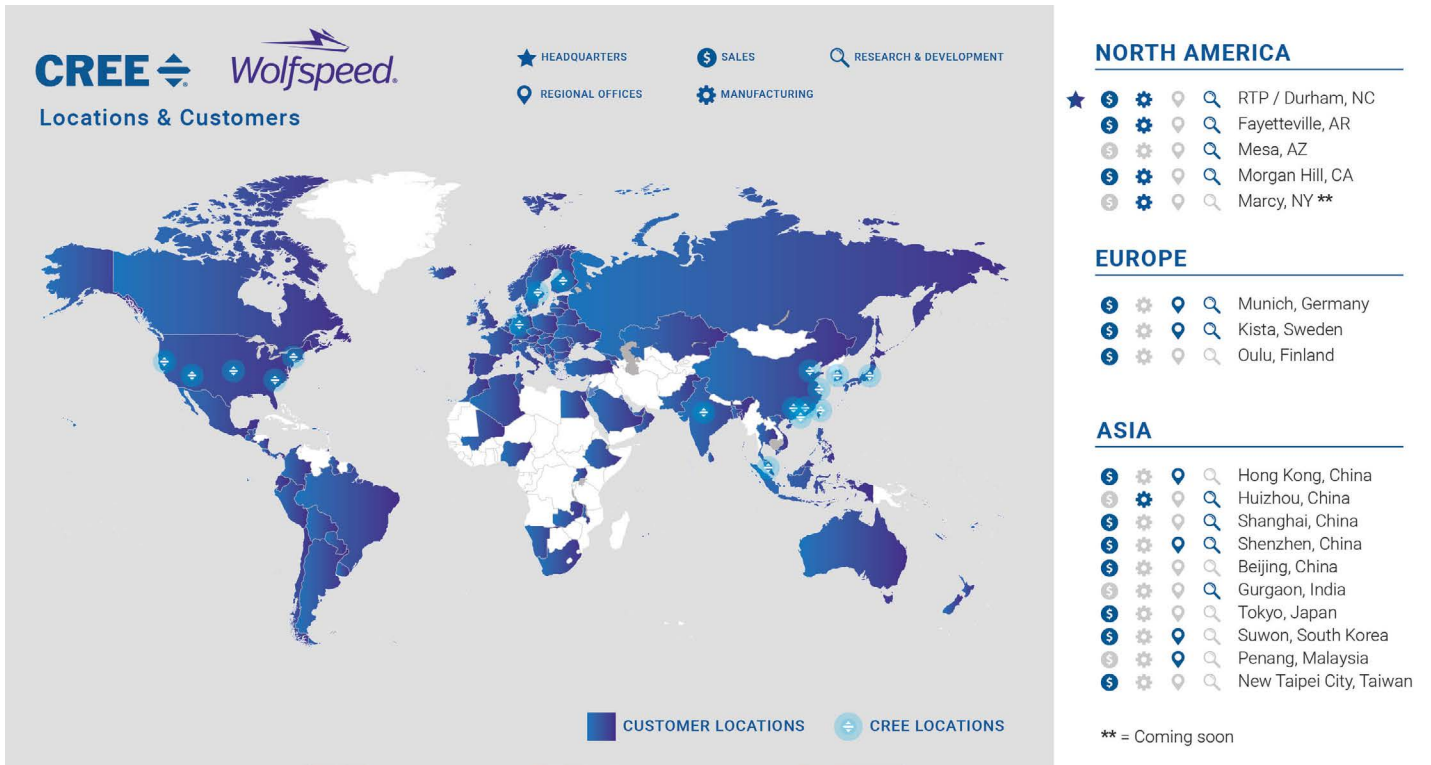
power supplies, telecom and military and aerospace. Cree’s LED product families include blue and green LED chips, high-brightness LEDs and lighting-class power LEDs targeted for indoor and outdoor lighting, video displays, transportation and electronic signs and signals.

## Our Products and Applications

<b>LED</b> (50% total Revenue)	<b>Wolfspeed</b> (50% total Revenue)
<b>PRODUCTS</b> LED Chips, XLamp LEDs, High Brightness LEDs, Integrated Lighting Solutions	<b>PRODUCTS</b> Materials, Schottky Diodes, MOSFETs, Power Modules, MMICs, Bare Die, HEMTs
<b>APPLICATIONS</b> High Power General Lighting, Specialty Lighting, Video Screens, Automotive	<b>APPLICATIONS</b> Electric Vehicles (EVs), EV Charging Infrastructure, Solar, Energy Storage, Data Centers, Communications Infrastructure, Radar, Aerospace and Defense



## Where We're Located



## Industry Awards and Recognition

<p><b>Industry Award Winner</b> INDUSTRY AWARD WINNER, FIVE CONSECUTIVE YEARS: 2012- 2016</p>	<p><b>Passive Components &amp; Discrete Semiconductors</b> 2016, ECN- IMPACT AWARD</p>
<p><b>LED Chips and Modules</b> 2016, SELECTED FOR INCLUSION IES PROGRESS REPORT</p>	<p><b>Wide Bandgap Automotive Traction Inverter</b> R&amp;D 100 AWARD, 2016</p>
<p><b>Finalist for LEDs Magazine</b> 2017, SAPPHIRE AWARDS</p>	<p><b>All-SiC Modules for High Voltage Applications</b> 2018, DEVICE DESIGN AND PACKAGING AWARD</p>
<p><b>50 Companies to Watch in 2020</b> 2019, BLOOMBERG</p>	

# OUR VALUES

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Our values are a simple, yet powerful, reflection of who we are and how we act; they are in all that we say, do and achieve for Cree | Wolfspeed. They reflect both our great history of disruptive innovation and set the tone for the exciting future ahead. We do amazing things in a human way.

Our employees from around the world across every business function shared their thoughts about our values through focus groups, emails and conversations. As a result, we've established principles that represent what we want the experience to be for our employees as well as the customers, partners and communities we serve.

## INTEGRITY and RESPECT

We always act with integrity and respect for our people, workplace and community. Relationships matter. We value everyone's contribution and an environment of spirited and open debate.

*We do the right thing, and we say,  
"Thank You."*

## OWNERSHIP and ACCOUNTABILITY

We are accountable to each other and committed to the highest standards of work and behavior.

*We succeed or fail together.*

## INGENUITY and PASSION

Our passion for making the world better through innovation means we take risks and question conventional thinking, developing new technologies and ways of doing business—leading the way, every single day.

*We do what others say  
can't be done.*

# CAPACITY EXPANSION PLAN

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In 2019 we announced our plans to invest \$720 million over five years to expand our silicon carbide (SiC) capacity, which will generate up to a 30-fold increase in SiC wafer fabrication capacity and 30-fold increase in SiC materials production to meet the expected market growth by 2024.

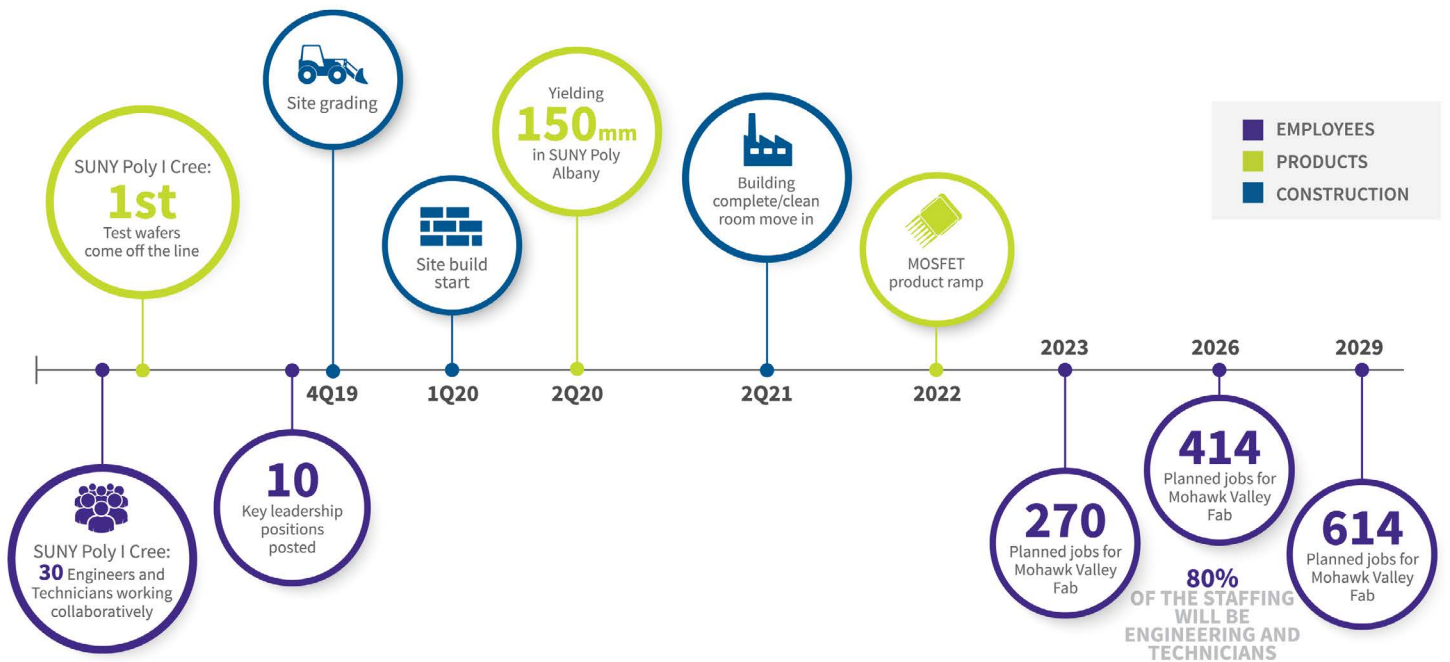
We also announced our plans to establish a SiC corridor on the East Coast of the United States with the creation of the world's largest SiC fabrication facility. Our plans include building a brand new, state-of-the-art, automotive-qualified 200mm capable wafer fabrication facility in Marcy, New York, complemented by our mega materials factory expansion currently underway at our Durham headquarters. The new fabrication facility will be a bigger, highly-automated factory with greater output capability.

We also announced our plans to partner with local community and four-year colleges in North Carolina and New York to develop training and internship programs to prepare our workforce for the high-tech employment and long-term growth opportunities in both locations that our revised expansion plan presents. More information about our training and internship programs can be found in the Social Responsibility section of this report.



Renderings of the Mohawk Valley Fabrication facility in Marcy, New York

# HITTING THE GROUND RUNNING



Estimated timeline for Mohawk Valley Fabrication facility in Marcy, New York



# CORPORATE GOVERNANCE | **2020**



# CORPORATE GOVERNANCE

Our Board of Directors sets high standards for our employees, officers and directors. Implicit in this philosophy is the importance of sound corporate governance. It is the duty of the Board of Directors to serve as a prudent fiduciary for shareholders and to oversee the management of our business. To fulfill its responsibilities and to discharge its duty, the

Board of Directors follows the procedures and standards that are set forth in these guidelines. These guidelines are subject to modification from time to time as the Board of Directors deems appropriate in the best interests of Cree | Wolfspeed or as required by applicable laws and regulations.
















## Corporate Governance Documents

- **Corporate Governance Principles**
- **Anti-Corruption Statement**
- **Articles of Incorporation**
- **Corporate Bylaws**
- **Compensation Committee Charter**
- **Governance and Nominations Committee Charter**
- **Audit Committee Charter**
- **Code of Conduct**
- **Code of Ethics for Executive Officers and Other Senior Financial Personnel**

# BOARD OF DIRECTORS AND COMMITTEE COMPOSITION

Our Board of Directors plays a critical role in our operations and vision. The Board has the highest authority over the company, and its members are selected due to their significant executive experience in the industry. Our Board of Directors meets quarterly to review topics such as corporate strategy,

product development, finances and operations. Our Board members are also members of different Committees. More information about our Board of Directors can be found on our **Board of Directors** and **Committee Composition** pages on **cree.com**.

		<b>Audit Committee</b>	<b>Governance and Nominations Committee</b>	<b>Compensation Committee</b>
> Glenda Dorchak	I			
> John C. Hodge	I			
> Clyde R. Hosein	I			
> Darren R. Jackson	I			
> Duy-Loan T. Le	I			
> John B. Replogle	I			
> Thomas H. Werner	I			
> Anne C. Whitaker	I			
> Gregg A. Lowe				

I = Independent Director

 = Chairperson

 = Member

# CODE OF CONDUCT

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Our Code of Conduct applies to every Cree | Wolfspeed employee around the world, and to our Board of Directors; it governs every business decision we make. Our Values are at the core of our success and the Code of Conduct embodies and reinforces our commitment to act in a manner consistent with our Values and put them into practice every day. Our **Code of Conduct** is available on [cree.com](https://www.cree.com).

# RISK MANAGEMENT

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Risk management at Cree | Wolfspeed is a process undertaken by all functions within the business, including a review of risks related to financial and market performance, operational performance, emergency preparedness and response, environmental health and safety compliance, among other areas. Our material risks are listed in our periodic reports filed with the Securities and Exchange Commission and in our Annual Reports. Our risks associated with climate change can be found in the Energy and Greenhouse Gas Emissions section of this report.

The Board, acting itself or through one or more of its committees, has general oversight responsibility for corporate risk management, including oversight of management's implementation of risk management practices. While the Board is responsible for risk oversight, management is ultimately responsible for assessing and managing our risk exposures. The Board directly oversees management's assessment, mitigation efforts and monitoring of strategic and operational risks, such as those relating to competitive dynamics, market trends and developments in our industry, changes in economic conditions, cybersecurity and Sustainability. Senior management regularly updates business plans for each of our product lines, including an assessment of strategic and operational risks and responses to identified risks, and members of the Board and senior management meet annually to review these plans. In addition, senior management reports to the Board at each quarterly Board meeting on progress made against these strategic plans, including an update on changes in risk exposure and management's responses to the changes.



# ECONOMIC | **2020**

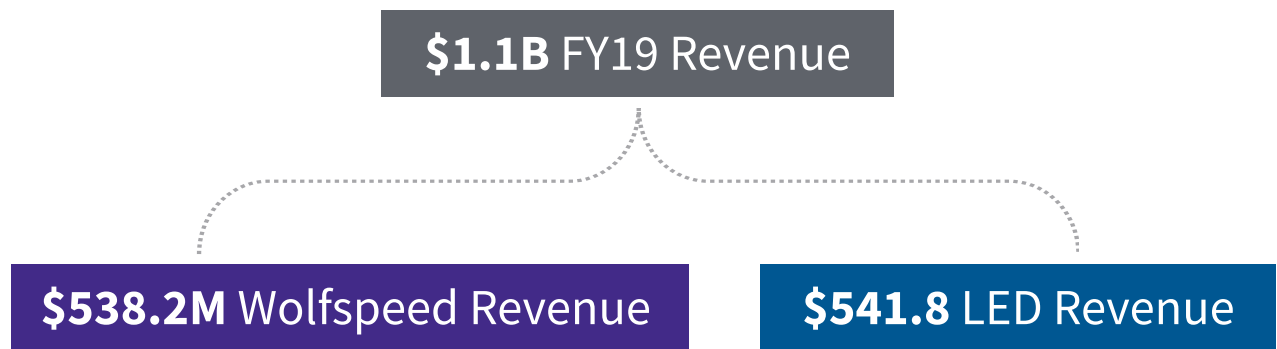


## ECONOMIC

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Cree | Wolfspeed operates at the highest ethical standards and actively manages risks inside and outside of the organization to ensure long-term financial performance. We adhere to the policies outlined in the Code of Conduct and requires our suppliers to adhere to strict social and environmental standards.

The majority of the data included in this report is on a calendar year basis (January to December). Financial data is reported on a fiscal year basis (June to July). Our financial data for FY2019 can be found in our **2019 Annual Report**.



## CUSTOMER SATISFACTION

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Our Customer Support Mission Statement guides us to ensure we meet or exceed our customers' expectations.

### MISSION STATEMENT

The mission of Cree | Wolfspeed's Customer Service function is to always convey a passion for the customer and to consistently deliver the best service experience.

### VISION STATEMENT

Delivering Customer Satisfaction is about providing timely, responsive service with integrity, simplicity and a passion for excellence while meeting or exceeding the customer's expectations

### STATEMENT OF WORK

Customer Service is any activity provided by a Cree | Wolfspeed employee that enhances the ability of a customer to realize the full potential value of a Cree | Wolfspeed product or service before and after the sale is made, thereby leading to Customer Satisfaction and repurchase.



## CUSTOMER SERVICE PRINCIPLES

- Recognize the importance of all customers and the role every Cree | Wolfspeed employee plays in influencing the customer’s perceptions. While impacting these perceptions, be professional, reliable, credible, responsive and friendly.
- Communicate promptly and honestly and via the customers’ choice of medium. Try to be brief and clear.
- Be a voice for the customer. When rules and policies don’t make sense to our customer, challenge the way Cree | Wolfspeed does business and seek opportunities for improvement.
- When a problem arises, which is inevitable, view the problem as an opportunity to improve. Solving problems will enable us to raise the quality of our products and services.
- Listen well, be responsive and demonstrate a sense of urgency. Understand that how something is said has a significant influence on how it is received. Under promise and over deliver.
- Strive to make it easy for the customer to do business with Cree | Wolfspeed to ensure that Cree | Wolfspeed remains its preferred supplier.

## PRODUCT INNOVATION

At Cree | Wolfspeed, we relentlessly pursue disruptive technologies that change industries. In nearly three decades, we have led by converting new science into market-changing products, one breakthrough after another.

### Cree | Wolfspeed Milestones

<p>1987</p>	 <p><small>* Cree Research, Inc. founders (L to R): Thomas Calamara, John Falshaw, Calvin Carter Jr., John Edwards, Neal Hunter, Eric Hunter</small></p>	 <p>► <b>Cree Research, Inc. Founded</b></p> <p>Launched Cree Research, Inc. out of a lab at NC State University to commercialize silicon carbide</p>
<p>1989</p>	 <p><small>* First demonstration of full color LED using Cree® blue LEDs at the Japan Electronic Show in 1989</small></p>	 <p>► <b>Silicon Carbide Blue LED</b></p> <p>Commercialized the world’s first silicon carbide blue LED which enabled full color LED display technology and opened the door to longer lasting and more efficient applications such as, computer screens, other electronics and eventually, smartphones</p>
<p>1991</p>	 <p><small>* Silicon Carbide manufacturing technology developed at Cree</small></p>	 <p>► <b>First Commercial Silicon Carbide Wafers</b></p> <p>Released the world’s first commercial silicon carbide wafers, delivering the industry’s most robust, highest-quality materials for the creation of silicon carbide and GaN-on-silicon carbide devices</p>

## Cree | Wolfspeed Milestones (continued)

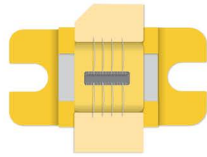
1996



### ► Our Blue LEDs Were Used in a Volkswagen® Dashboard

Designed our blue GaN-on-silicon carbide LEDs into the Volkswagen dashboard which was a first and launched a trend in the automotive industry that is still reflected today

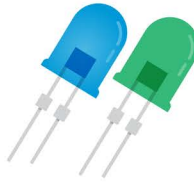
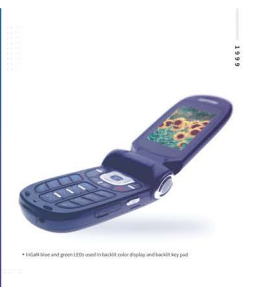
1998



### ► First GaN HEMT on Silicon Carbide

Created the industry's first GaN HEMT on silicon carbide which enabled increased signal gain and a 4x power density (watts per mm) increase for wireless and broadcast high-power applications

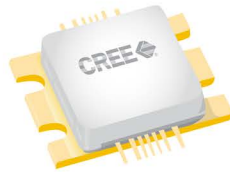
1999



### ► Introduced InGaN Blue and Green LEDs

Introduced InGaN blue and green LED which revolutionized keyboards and displays in the cell phone industry

2000



### ► First GaN-on-Silicon Carbide MMIC

Demonstrated first ever GaN-on-silicon carbide MMIC with record power density, proving GaN-on-silicon carbide was greatly superior to GaAs, not only supporting higher power output, but also allowing smaller die size for equal power

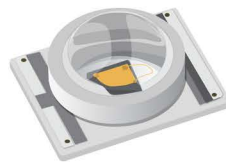
2002



### ► 600V Commercial Silicon Carbide JBS Schottky Diode

Released our first 600V commercial silicon carbide JBS Schottky diode that enabled the creation of ENERGY STAR® 80Plus Gold, Platinum and Titanium power supplies

2006



### ► First Lighting-Class LED @100 Lumens Per Watt (LPW)

Started the LED Revolution with the first lighting-class LED @ 100 LPW

## Cree | Wolfspeed Milestones (continued)



### ► First Silicon Carbide MOSFET

Released industry's first silicon carbide MOSFET, a market maker and key building block for more efficient power conversion systems, decreasing size, weight and bill of materials



### ► First MOSFETs to meet Automotive AEC-Q101 Standards

Released the first commercially available MOSFETs to meet Automotive AEC-Q101 Standards



### ► XM3 Power Module Platform

Developed the XM3 power module platform which maximizes the benefits of silicon carbide, while keeping the module and system design robust, simple, and cost effective

## PRODUCT QUALITY

Our quality policy is to meet the needs and expectations of our customers, be dedicated to continual improvement, and ensure a full commitment to our corporate values. The following sites are certified for our quality management systems:

#### **Durham Site** (North Carolina)

- ISO 9001: 2015
- IATF 16949: 2016

#### **Fayetteville Site** (Arkansas)

- ISO 9001:2015
- AS 9100D

#### **Research Triangle Park Site** (North Carolina)

- ISO 9001: 2015
- IATF 16949: 2016

#### **Morgan Hill Site** (California)

- ISO 9001: 2015

#### **Mesa Site** (Arizona)

- ISO 9001: 2015

#### **Huizhou Site** (China)

- ISO 9001: 2015
- IATF 16949: 2016

Our Capacity Expansion Plan will allow us to efficiently respond to customer demands, implement quality strategies to further our quality culture, as well as invest in the people, processes, and systems necessary to achieve that level of scale. Our strategy is to integrate our people, systems, and culture to drive quality as a competitive advantage.



**Build out experienced quality engineering teams**

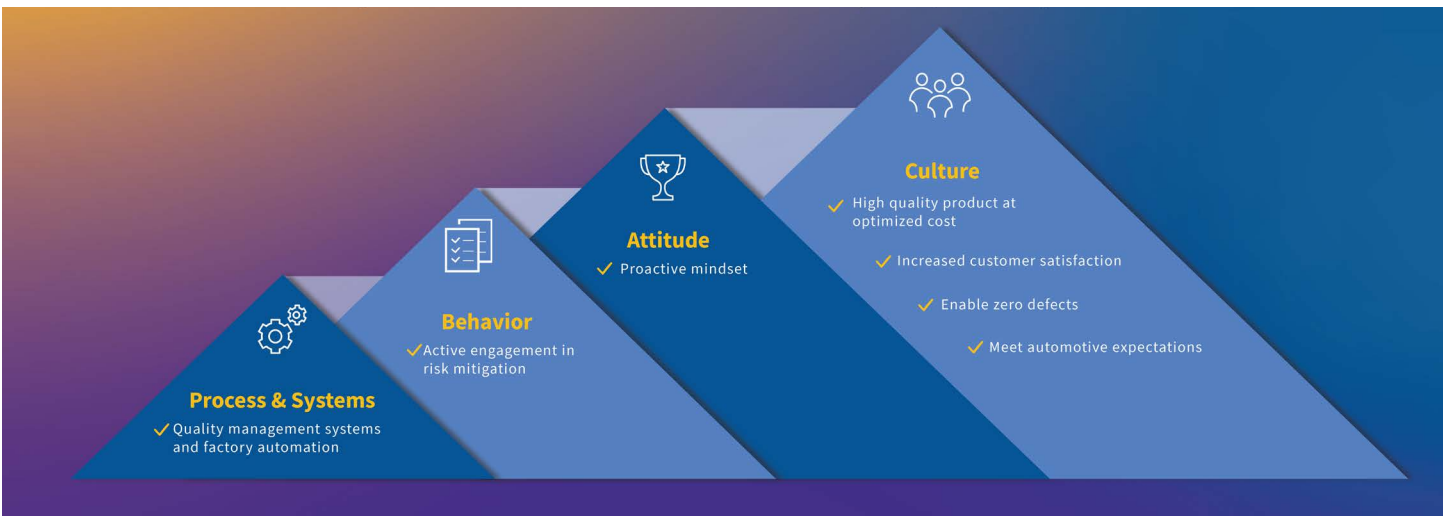


**Invest in scaling quality management system and processes**



**Advance automotive culture through key quality initiatives**

We're advancing our total quality culture through zero-defect strategies such as statistical process control, factory defect reduction program, and robust testing strategies. We're also doing supplier assessments and development, as well as having an even greater overall customer satisfaction focus.



As part of our quality initiatives, we have also focused on the implementation and enhancement of 5S practices in our manufacturing areas.

# GLOBAL OPERATIONS MANUFACTURING EXCELLENCE



## WHAT IS IT?

- A tool or approach to attain and maintain a high level of workplace organization
- Engages employees to drive standardization and consistency
- Provides visual cues when items are out of place

## BENEFITS TO CREE | WOLFSPEED AND OUR CUSTOMERS?

- Provides a safe workplace
- Improves our production readiness
- Demonstrates our commitment to our customers' quality and process control expectations
- Enables a culture for consistent, repeatable, predictable, and sustainable processing





# SUPPLY CHAIN

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## Supplier Management

We conduct our activities in a manner that reflects our Code of Conduct and Values, which include being a good corporate citizen, dealing fairly in business, behaving ethically, supporting basic human rights and a safe and healthy workplace, doing business in an environmentally responsible manner, and complying with applicable laws. We expect our suppliers to adhere to the same high standards and we are

committed to ensuring that our supply chain reflects our values and beliefs through our Supplier Code of Conduct. Refer to the **Cree Supplier Information** page on [cree.com](http://cree.com) to access our **Supplier Code of Conduct** and Purchase Order Terms and Conditions. Refer to our **Small Business Program** page on [cree.com](http://cree.com) to learn about our commitment to maximizing opportunities for small businesses.

# RESPONSIBLE MINERALS SOURCING

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## Cree, Inc. Responsible Minerals Sourcing Policy

Mining is an intensive process involving potential social and environmental risks that may cause lasting negative impacts if not properly managed. Certain high-risk minerals (notably tin, tantalum, tungsten, gold and cobalt) sourced from regions of the world with ongoing conflict carries a risk of funding organizations that are involved in illegal or unethical activities including human rights abuses such as child labor, harsh working conditions, environmental destruction and corruption. A growing awareness of the abuses committed in these areas of conflict has prompted an industry wide investigation into any supply chain tainted by these atrocities. In the U.S., the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”) requires publicly traded companies to report annually on the presence of conflict minerals originating in the DRC or adjoining countries in the products they manufacture or contract to manufacture. The purpose is to report any abuses, and through disclosure, halt the sourcing of designated minerals via supply chains implicated in conflict zones.

### CREE’S COMMITMENT

Cree’s Responsible Mineral Policy aligns with our commitment to uphold and respect fundamental human rights for all people, including those who work in our supply chain. Cree complies with applicable legislation and strongly supports industry-wide efforts to promote responsible sourcing, protect human rights, and combat child labor throughout supply chain. Cree does not directly procure minerals from mines, or the smelters or refiners that process

them, but believe we can influence upstream supply chain actors through our policies and practices. Recognizing the complexity of this issue, we are actively engaged with industry peers, suppliers, and other stakeholders to promote the responsible sourcing of minerals through the Responsible Minerals Initiative (RMI). Our goal is to work collaboratively through the supply chain to source minerals consistent with our values around human rights, business ethics, labor, health and safety practices, and environmental responsibility. We believe this can be done while continuing to source responsibly from the DRC and other high-risk regions.

Cree’s internal due diligence framework is designed to conform, in all material respects, to the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas (OECD Guidance) to determine the country of origin and chain of custody for high-risk minerals in our supply chain. To promote responsible investigations of high-risk minerals, Cree uses the Conflict Minerals Reporting Template (CMRT) and the Cobalt Reporting Template (CRT) issued by the Responsible Minerals Initiative (RMI).

### SUPPLIER EXPECTATIONS

To support ethical procurement practices and responsible mineral sourcing, Cree expects suppliers that provide components and/or materials containing “relevant minerals” to adhere to the same high standards to which we hold ourselves. For the purposes of Cree’s Responsible Minerals Sourcing program, relevant minerals currently include:

- Columbite-tantalite (tantalum), Cassiterite (tin), gold and wolframite (tungsten) – also known as “conflict minerals” or “3TG”;
- Cobalt; and
- Any other mineral identified by Cree as contributing possible risk to the supply chain.

**We require suppliers to:**

- Adhere to Cree’s Supplier Code of Conduct and all applicable laws and regulations related to mineral sourcing;
- Source only from smelters and refiners validated by a third-party audit program. Accepted programs include: the RMI’s Responsible Minerals Assurance Process, the LBMA’s Responsible Gold Certification; or the RJC’s Chain-of-Custody Program;
- Make reasonable efforts to remove all non-participating and non-validated smelters or refiners

from Cree’s supply chain;

- Design and implement due diligence frameworks and management systems consistent with OECD Guidance to achieve responsible mineral supply chains;
- Verify and inform Cree whether the minerals included in materials or component parts are conflict-affected or high-risk minerals;
- Respond to Cree inquiries for reporting templates and due diligence information, and promptly implement corrective actions identified and requested by Cree; and
- Extend these expectations to their own suppliers.

If these requirements are not met, Cree will proactively work with the supplier to further develop their capabilities in responsible mineral due diligence to ensure alignment to Cree’s supplier requirements. Cree will terminate relationships with suppliers that do not make substantive and prompt efforts to comply with our policy.

## CALIFORNIA PROPOSITION 65

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The California Safe Drinking Water and Toxic Enforcement Act of 1986, commonly referred to as “Proposition 65” or “Prop 65”, is a right-to-know law that is unique to the State of California. The goal of Prop 65 is to ensure that individuals in the State of California are informed about possible exposure to chemicals “known to the State of California to cause cancer and/or reproductive toxicity.” Under the law, the California Office of Environmental Health Hazard Assessment (“OEHHA”) is tasked with maintaining a list of chemicals and updating the list at least annually. To date, there are over 900 chemicals listed by OEHHA, which list can be found at <https://oehha.ca.gov/proposition-65/proposition-65-list>.

Historically, only manufacturers of end products had an obligation to notify Californians about significant amounts of chemicals in the products they purchase for their homes or workplaces. In late 2016, OEHHA adopted new regulations that went into effect on August 30, 2018. Proposition 65 now applies to suppliers of components used in end products to ensure that information about chemicals used in the components is communicated to Californians who might come into contact with the chemicals during the development, manufacture, or use of the end products.

To comply with Prop 65, businesses (including manufacturers, distributors, and retail sellers) must provide a “clear and reasonable” warning for listed chemicals unless exposure is low enough to pose “no significant risk” of cancer or is significantly below levels observed to cause birth defects or other reproductive harm. A Prop 65 warning does not necessarily mean a product is in violation of any product-safety standards or requirements.

When one of these chemicals is present, Cree | Wolfsped is required to disclose certain information to its customers and distributors, who in turn are required to disclose appropriate information to their customers. We have created this website to help our customers and distributors identify impacted Cree | Wolfsped products and the applicable downstream disclosures. Our products in the component product families listed in the table below contain one or more of the chemicals identified in Prop 65. Please refer to the product data sheet for each Cree | Wolfsped product in the impacted Cree | Wolfsped product families for more details on the disclosures applicable to that product.

Listed Chemical	LED Products <sup>3</sup>	Power Products	RF Products
Diisononyl Phthalate (DINP) <sup>1</sup>	Packaging Only - All LED Chip Products	Packaging Only - All Power Chip Products	Packaging Only - All RF Chip Products
Lead (Pb) <sup>2</sup>	LED Modules		
	LMB	PCB	LMR
	LMH	SLX	
	LED Drivers		
	LMD		
		All Schottky and MOSFET Components	PTGA PTMA

[1] Cree's semiconductor die products (excluding packaging) do not contain any chemicals that must be disclosed under California Proposition 65. However, the Cree semiconductor die products are packaged using a PVC die transfer film that contains DINP. An occupational warning must be provided to any customer that buys the Cree die for use in product development or manufacturing in the State of California. The customer in turn must prominently display a similar occupational warning at its California locations where employees and contractors will be handling the PVC die transfer film. Because the Cree die products themselves do not contain any chemicals that must be disclosed under California Proposition 65, incorporation of the die into another product will not create an obligation to include a Proposition 65 product warning on the higher-level product. However, the customer must ensure that the PVC die transfer film is properly handled and disposed of as a hazardous material after die removal.

[2] These Cree products contain Lead (Pb). The Lead is fully encapsulated in components used in the Cree products. So, unless the Lead is accidentally or intentionally exposed, there is no chance that an employee, customer, or other individual will come into contact with the Lead in Cree's products.

Nonetheless, Proposition 65 requires Cree to provide its California customers and distributors with both an occupational warning and a product warning for individuals who potentially could be exposed to the Lead in the Cree products either accidentally or intentionally. An occupational warning must be provided to any customer that buys the impacted Cree products for use in product development or manufacturing in the State of California. The customer in turn must prominently display a similar occupational warning at its California locations where employees and contractors will be handling the Cree products that contain Lead. In addition, because the Cree products contain Lead, incorporation into another product will create an obligation to include a Proposition 65 product warning on the higher-level product. Please note, the amount of Lead used in each Cree product remains below the ≤ 0.1% acceptance level in EU RoHS. In addition, these products continue to comply in accordance with EU RoHS exemptions 7A and 7C-1 for the bill of materials.

[3] Please note this website does not apply to Cree's consumer or commercial lighting products.

**FOR MORE INFORMATION:**

Prop 65 Link: <https://oehha.ca.gov/proposition-65>

Prop 65 Substance list: <https://oehha.ca.gov/proposition-65/proposition-65-list>





# SOCIAL RESPONSIBILITY | **2020**

# SOCIAL RESPONSIBILITY

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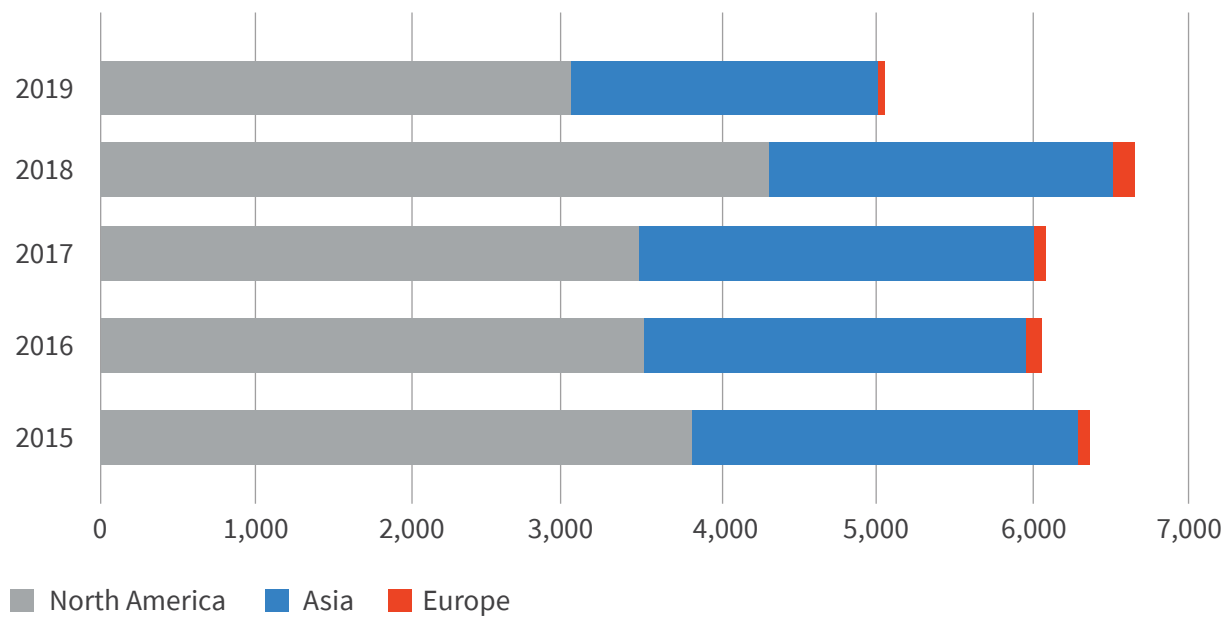
We consider the health and well-being of each individual associated with the Cree | Wolfspeed community as our primary responsibility. We have established stringent rules for material sourcing, supplier selection, and employee health and safety, while also promoting community engagement and education programs.

## OUR EMPLOYEES

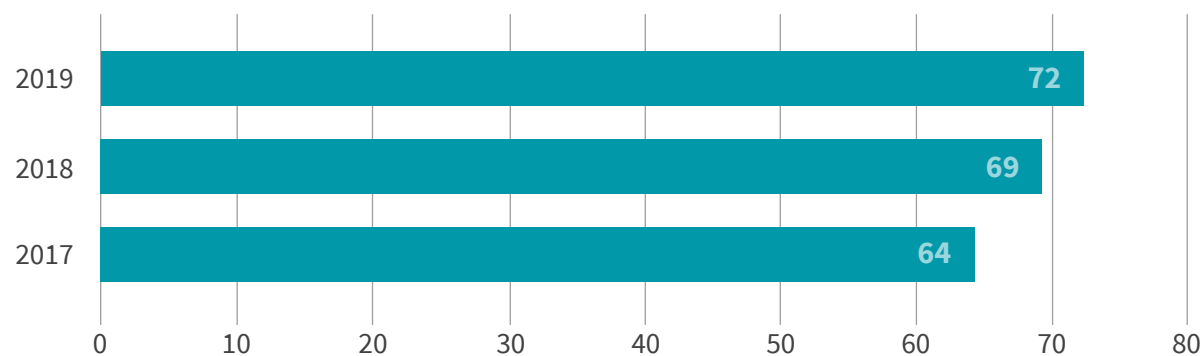
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Our employees are valued and critical to our success. Cree | Wolfspeed is an Equal Employment Opportunity (EEO) and Affirmative Action (AA) employer, and employs regular full and part-time employees, as well as temporary and contract employees as necessary. We also have a rapidly-developing intern program.

### Global Employees by Region



### Countries Represented by Employees



# OUR INTERNS AND RECENT GRADUATES

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Cree | Wolfspeed offers a variety of opportunities for internships and entry-level positions for new graduates. Our interns and new graduates gain real world experience through hands-on project-based assignments designed to empower and allow them to grow. We depend on the talent and ideas that recent graduates and interns bring to continue to drive the innovation of the future.

Our internship program inspires contribution, culture and community and was first launched in 2018. From 2018 to 2019, we more than doubled the intern population, extended the program internationally and increased the diversity rate by 25%. Some of the perks of our internship program include:

✓	<b>Direct interaction with senior leaders</b>	✓	<b>Community engagement</b>
✓	<b>Networking with field experts</b>	✓	<b>Professional development</b>
✓	<b>Paid internships</b>	✓	<b>On-site café</b>
✓	<b>Culture that fosters collaboration and innovation</b>	✓	<b>Full fitness center</b>
✓	<b>Social and cultural events</b>	✓	<b>Attention to diversity and inclusion</b>
✓	<b>Clear contributions</b>	✓	<b>Campus Ambassador Program</b>

## EMPLOYEE RETENTION

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We have initiatives in place to reduce our global employee turnover rates, which are monitored and reviewed quarterly. Our strategy for employee retention includes converting contract workers to full-time employees in 2018 and promoting internal mobility. Our goal is to ensure employees can find development and career growth without having to leave Cree | Wolfspeed. Some of our employee retention initiatives include:

- Developing a culture of promoting employees from within. To provide upward mobility within Cree | Wolfspeed, our goal is for more experienced positions to be filled internally. In 2019, we filled 884 total positions and 26% of which were internal hires.
- Developing a Career Pathing program. The program communicates the minimum qualification required for each position level and how employees can grow in their careers.
- Posting new jobs to employees first. All employees can view and apply for jobs for a period of two weeks before we post the job externally.
- Offering workshops and guidance to employees on how to enhance their resume for seeking other jobs within Cree | Wolfspeed. During these workshops, employees receive one-on-one attention from a recruiter.
- Targeting the recruitment of college graduates for entry-level positions. We launched our first formal **internship program** in 2018 and more than doubled the intern population in 2019.

## DIVERSITY, EQUITY AND INCLUSION

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Cree | Wolfspeed is committed to fostering a culture of diversity, equity and inclusion encompassing all employee differences and identities. We are building an environment where inclusivity is real and active rather than theoretical and static. Because we believe diversity, equity and inclusion drives better business results, we celebrate our employees' authenticity and understand that diverse ideas, perspectives, thinking styles and backgrounds produce higher quality decisions, enabling us to solve problems other companies think to be impossible. Our diverse workforce contributes to our success and enables us to grow and continuously provide state-of-the-art technology and products.

Each of us must respect the diversity, talents, and abilities of others regardless of our differences. At Cree | Wolfspeed, we view diversity as including all the unique characteristics that make up each of us – and it's far more than the diversity you can see. We embrace, encourage and value diversity of thought, experience, insight, skill and background.

We are devoted to fostering a culture of diversity and inclusion encompassing our employees' differences and believe that providing a work environment free from discrimination is paramount. We are proud to be an Equal Opportunity (EEO) and Affirmative Action (AA) employer, making hiring and promotion decisions based only on fair, unbiased evaluation of skills, work history, and performance. Our commitment to diversity and inclusion is supported by our stance against discrimination and our belief that all employees, regardless of their race, color, religion, gender, gender identity or expression, sexual orientation, national origin, genetics, disability status, age, marital status, protected veteran status or any other protected class, contribute to our ongoing success. We strive to attract, develop and retain a workforce that is as diverse as the markets we serve, resulting in an inclusive environment that embraces the strength of our differences.

Diversity, Equity and Inclusion is embedded in the following impactful pillars:

- ▶ **TALENT ACQUISITION**  
ensuring we can attract diverse talent
- ▶ **TALENT MANAGEMENT**  
ensuring we can keep and advance diverse talent
- ▶ **CULTURE**  
ensuring our environment is one that eliminates barriers to achievement of diverse talent
- ▶ **SOCIAL IMPACT**  
ensuring our community is one that minimizes barriers to achievement



## Diversity, Equity and Inclusion Highlights



In 2019, the Women’s Initiative hosted our first Inclusion & Diversity Conference at our headquarters. The conference explored workplace-related topics on cultivating and celebrating the rich diversity of thought, perspectives and life experiences so critical to our success, including what it means to be intentional about diversifying through inclusion.



Our 2019 internship class was the most diverse in our company’s history. From 2018 to 2019, we more than doubled the intern population, extended the program internationally and increased the diversity rate by 25%



We established our first Director of Diversity, Equity and Inclusion position at Cree | Wolfspeed to further our Diversity, Equity and Inclusion efforts.

# EMPLOYEE RESOURCE GROUPS

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Our first Employee Resource Group, the Women's Initiative, was started in 2018 and has grown its membership and impact through many different events, sponsorships, and involvement in the community. The Women's Initiative was created in recognition of the value women bring to Cree | Wolfspeed and companies globally. Our goals are to attract and retain top talent, including women, and to cultivate and celebrate the rich diversity of thought, perspectives and life experiences so critical to our success. Through programs and events sponsored by the Women's Initiative, we get to know each other better across organizations and functions, and promote balance and effectiveness in our professional and personal lives, as well as in service to our communities.

**Our mission** is to encourage, develop, and support women who will lead the way in innovation and execution in every aspect of our business and community.

**Our vision** is to create an environment where everyone's perspectives, ideas, and contributions matter. Diversity at all levels will create better results for our company.

## The Women's Initiative focus areas include:

PROFESSIONAL DEVELOPMENT	PERSONAL DEVELOPMENT	COMMUNITY
<ul style="list-style-type: none"><li>Quarterly events with internal/external speakers and panels</li><li>Career path development</li><li>Confidence and communication</li><li>Finding a mentor/sponsor</li></ul>	<ul style="list-style-type: none"><li>Work/life integration</li><li>Time management</li><li>Development of personal passions</li><li>Holistic focus</li></ul>	<ul style="list-style-type: none"><li>Community involvement team</li><li>Encourage and challenge school age girls to believe they can lead</li><li>Connecting people with passion and enabling community service at all levels</li></ul>



**70+ EVENTS**  
PLANNED, HOSTED  
OR SUPPORTED

SINCE OUR

**11/29/18**  
INAUGURAL EVENT

THAT'S AN AVERAGE OF ABOUT 5 EVENTS EACH MONTH IN 2019

**200+** OPT-INS ON WI  
EMAIL DISTRIBUTION LISTS



**140+** OPT-INS FOR NC  
MANUFACTURING GROUPS



THAT'S A **400%**  
INCREASE SINCE THE  
GROUP'S FOUNDING

**INTRANET SITE  
INTERACTION**

**5000+**

SINCE OUR  
6/26/19  
LAUNCH

**900+**

UNIQUE  
VISITORS

SITE  
VISITS



**100+** PEOPLE ATTENDED THE FIRST-EVER  
INCLUSION & DIVERSITY CONFERENCE



**PRIDE**

Our second Employee Resource Group, the PRIDE group, was started in 2019 and officially launched in 2020.

**Our Mission** is to provide support, awareness and resources for all lesbian, gay, bisexual, transgender, queer employees and their allies. Help promote a safe and inclusive environment for all employees to be their authentic selves.

# EMPLOYEE ENGAGEMENT

In 2017, we held our first employee engagement initiative consisting of one-on-one email communication with our CEO. We completed our first formal enterprise employee engagement survey in 2018, receiving more than 2,500 responses from employees. The purpose of the survey was to measure the employee experience in several key areas and to identify improvement opportunities.

## THE SURVEY QUESTIONS ADDRESSED:

- Our culture change progress in light of our company values
- Effectiveness of tools and training
- Communication and collaboration
- Recognition for a job well done
- Employee awareness of the direction and strategy of the organization
- Opportunities for career growth

Results of the survey have indicated positive steps and the areas in which we can improve. Employee feedback has helped shaped our evolving culture, resulted in updated time off and attendance policies, the creation of new training opportunities, and many other initiatives.





Learn more about how the results of our first employee engagement survey helped to shape some of our new programs this year.

# 1 **77%** RECEIVE RECOGNITION FOR A JOB WELL DONE

In 2017 we first launched our Thank You Program, which involves our CEO, Gregg Lowe, saying “thank you” to recognize the outstanding contributions of individuals or small teams throughout Cree | Wolfspeed. Anyone within Cree | Wolfspeed can nominate an individual or team to receive the CEO Award as part of the Thank You Program. The program also challenges all people-managers to make thanking people a part of their weekly routines. Learn more about some of our employees and their accomplishments that were awarded during 2019.



Our CEO recognized one of our R&D teams, whose efforts helped us improve our LED performance with a new technology.



Our CEO recognized a cross-functional team that dedicated their time to hosting 70 elementary and middle-school students at Carolina Hurricanes STEM Day in Raleigh, North Carolina.



Our CEO recognized a team that dedicated their skills to making health and safety improvements to a part of our manufacturing process.

# 2 **71%** AGREE IN HAVING OPPORTUNITIES TO GROW THEIR CAREER

We developed two new training programs in 2019 that were officially launched in 2020, the Technician Certification Program and the Education Sponsorship Program. The Process and Equipment Technician Certification Program combines science theory and skills with hands-on activities. Successful completion of the program will equip participants to meet the requirements needed to be considered for an entry-level Technician role. The Education Sponsorship Program is an education development program designed to encourage graduates of the Technician Certification Program to pursue their Associate’s or Bachelor’s Degree. This offering is separate from our employee tuition reimbursement program and we have partnered with local colleges and universities to cover the cost of tuition and books for employees. The Technician Certification Program and the Education Sponsorship Program programs were created to support business needs and employee career growth.



Cree | Wolfspeed sponsors employees to go back to school to earn their technical Associate Degrees and their Bachelor's in Engineering degrees.

REACHING YOUR CAREER GOALS IS A JOURNEY.  
WE'LL HELP YOU GET THERE.

**SELF DISCOVERY**

- What role do you want?
- What are the education requirements for that role?

**FIND YOUR PATH**

- Explore areas of study
- Choose your program (Associate, Bachelors)
- Speak with a college admissions advisor
- Take advantage of our company sponsored programs

**COMPLETE DEGREE**

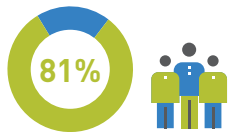
- Earn degree while continuing to work
- Network internally with people who are currently in the desired role
- Talk with your supervisor about workplace flexibility

**APPLY & INTERVIEW**

- Find roles that you are now qualified for and apply



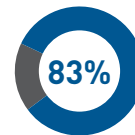
3



COMMUNICATE AND COLLABORATE well with co-workers





HAVE THE TOOLS necessary to complete their job



We know how much our employees rely on technology to get their job done and we are continually exploring ways to simplify the way our employees work, while ensuring everyone has the right tools available at their fingertips. In 2019, we began the transition to a new software as our primary communication and collaboration solution to allow for easier communication, fewer emails and an improved chat function and document collaboration capability.

We also launched our new internal Internet site for global Cree | Wolfspeed employees in 2019. The new Intranet was designed to be easier to use, with full access to all existing resources and applications. The site was improved from our previous version to provide helpful new content, enhanced capabilities and a cleaner, more organized look. Employees can visit the Intranet site to find all the news, applications, tools and resources they need to more efficiently do their job and collaborate with their teams. The Intranet provides a searchable, easy-to-understand window into all the applications, content, news, people and transactions our employees need to do their job. The Intranet site has frequent articles that all employees can access, focusing on topics such as news related to our business activities and products, information and cyber security tips, how to sign up for training opportunities, and much more.



4    
UNDERSTAND THE  
company's strategy and direction

Our new Intranet site provides frequent articles that help our employees learn more about our strategy and direction. Our **Wolfspeed Knowledge Center** is available to employees and external interested parties and provides information about our power and radio frequency products and their applications, including articles, white papers and webinars.

Our CEO also hosts quarterly Town Hall events that discuss our performance, strategy and direction. The Town Hall events are held at our headquarters and are open to all employees. The Town Hall events are recorded and provided on our Intranet site for employees who are unable to attend. Additional quarterly Town Hall events are also hosted by different departments including Global Operations, Finance, LED Products and Wolfspeed Power & Radio Frequency Products.

# BENEFITS

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Cree | Wolfspeed offers a benefit package designed to promote the physical and emotional well-being and financial health of our employees. Unless otherwise noted, the following benefits are offered to all Cree | Wolfspeed US employees who work more than 30 hours per week. Cree | Wolfspeed employees working outside of the US are eligible for country-specific benefits, which include statutorily-mandated benefits and supplemental programs.

## HEALTH AND WELLNESS

- Medical, dental, insurance
- Life and accidental death & dismemberment insurance
- Flexible savings plans
- Short & long-term disability
- Employee assistance program
- Wellness program
- On-site cafeteria (Durham, NC and Huizhou, China)
- Fitness centers (Durham, NC)
- Fitness center reimbursement program
- On-site Physical Therapist and Massage Therapists (Durham, NC)
- Ergonomic evaluations

## COMPENSATION

- Bonuses Based on Company and Individual Performance
- Employee Stock Purchase Plan (full-time employees only)
- Employee Referral Bonuses
- Adoption assistance
- Family care program

## EDUCATION AND TRAINING

- Education Reimbursement
- On- and Off-Site Training Opportunities

## GENERAL

- Retirements Savings Plans
- College Savings Plan
- On-site EV charging stations (Durham, NC)

## TIME OFF

- Paid Time Off (Vacation) and Paid Holidays
- Leave Programs (Parental, Military)

# TRAINING AND DEVELOPMENT

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Cree | Wolfspeed is committed to offering an environment in which employees are ensured equal job opportunities and have a chance for advancement. Cree | Wolfspeed employees receive an annual performance review rating in addition to ongoing coaching and feedback throughout the year. It is expected that leaders meet with each employee at least once per quarter to discuss goal progression and development.

Our educational assistance program is designed to support the skill development and knowledge that will have a direct positive impact on Cree | Wolfspeed. The program encourages self-development for a current assignment or expanded job responsibilities in the future. Employees are encouraged to seek out higher-education degree programs that will aid in their current role and better qualify them for new assignments. To take advantage of this benefit, employees must be US-based employees and have been employed with Cree | Wolfspeed for at least six months. Educational expenses that are reimbursable include professional exam costs, registration fees, tuition, required texts/books/materials, lab fees, entrance/placement exams upon completion, and other fees and materials.

## Leadership Development

<b>Lead the Way (LTW)<sup>1</sup></b>	Training program designed for new managers of employees and is broken into three separate classes. This program helps new leaders learn about the tactical aspects of leading people.
<b>Leadership Fundamentals<sup>1</sup></b>	Training program designed to help leaders affect culture change and develop skills to be better leaders. The program is designed around the four pillars of our culture: Lead, Support, Communicate and Trust.
<b>Leadership Development Program<sup>1</sup></b>	Guided program where executive staff receive executive coaching and personalized developmental program to help align their skills with the culture of Cree   Wolfspeed.

## Personal and Professional Development

<p><b>On-The-Job Training (OJT)<sup>2</sup></b></p>	<p>Program designed to help new operators develop the skills needed to perform their job functions while on-the-job. The program allows operators to work alongside an experienced operator/trainer.</p>
<p><b>Orientation II<sup>2</sup></b></p>	<p>Programs designed to give employees a better understanding of what Cree   Wolfseed does globally. During the program we explore what Cree   Wolfseed does and how the employee fits in. We also develop basic skills with employees and help the employee integrate the skills learned into their current job function. We also expose the employee to the Cree   Wolfseed values and our corporate culture.</p>
<p><b>Project Management<sup>1</sup></b></p>	<p>Training programs designed to help the employee develop the skills needed to manage projects more effectively.</p>
<p><b>English as a Second Language (ESL)<sup>3</sup></b></p>	<p>Training program focused on helping speakers of non-English languages to better their communications skills by practicing the English language. The program includes didactic and hands-on portions.</p>
<p><b>Lunch and Learns<sup>2</sup></b></p>	<p>Short in-person developmental courses designed to help employees build and/or reinforce basic concepts.</p>
<p><b>Site- Specific Role Playing<sup>2</sup></b></p>	<p>Program designed to help individual sites deal with issues and difficult conversations that are specific to that department or business unit.</p>
<p><b>Rotations<sup>2</sup></b></p>	<p>Program designed to guide new graduates hired to Cree   Wolfseed. The participants will rotate through various job roles within the same classification to get a well-rounded view of what that classification entails.</p>
<p><b>Wellness Workshops<sup>2</sup></b></p>	<p>Program designed to focus on all aspects of our employees' wellbeing. Topics include Injury Prevention and Exercise, Stress Management, Understanding Diversity, and much more. We host Wellness Workshops every month.</p>
<p><b>Financial Workshops<sup>2</sup></b></p>	<p>Program designed to focus on employees' financial wellbeing. Topics include Financial Health, Budgeting and Saving, Preparing for Retirement, and much more. We host Financial Workshops every month.</p>

## Technical Skills Development

<p><b>Technician Certification Program<sup>3</sup></b></p>	<p>The Process and Equipment Technician Certification Program combines science theory and skills with hands-on activities. Successful completion of the program will equip participants to meet the requirements needed to be considered for an entry-level Technician role.</p>
<p><b>Education Sponsorship Program<sup>3</sup></b></p>	<p>Education development program designed to encourage graduates of the Technician Certification Program to pursue their Associate's or Bachelor's Degree. This offering is separate from our employee tuition reimbursement program and we have partnered with local colleges and universities to cover the cost of tuition and books for employees.</p>
<p><b>JMP Training<sup>1</sup></b></p>	<p>Training on statistical analysis software to help with mission critical calculations and analytics.</p>
<p><b>DDI Micro Courses<sup>1</sup></b></p>	<p>Short web-based courses designed to help employees build and/or reinforce basic concepts.</p>
<p><b>8D Training<sup>1</sup></b></p>	<p>The 8D (Eight Disciplines) Problem Solving Process is a team oriented and structured problem-solving methodology that is mainly used to identify, correct and eliminate recurring problems. The 8D Problem Solving Process focuses on the origin of the problem by determining root causes, and establishes corrective and preventive actions.</p>
<p><b>Core Tool Training<sup>1</sup></b></p>	<p>Training on developing employees' skills in quality by learning quality standards. Employees also learn new tools and how utilize tools they currently have to quickly and more efficiently solve problems.</p>

[1] Training class is offered at all Cree | Wolfspeed global sites.

[2] Training class is offered at all Cree | Wolfspeed US sites.

[3] Training class is offered at Cree | Wolfspeed Durham, NC sites.

# HEALTH AND SAFETY

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Our products are innovatively designed and undergo various testing to promote the health and safety of our customers. Our Occupational Health and Safety and wellness programs ensure the health and safety of our employees and contractors.

## HEALTH AND SAFETY — OUR EMPLOYEES AND CONTRACTORS

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The safety, health, and overall well-being of our employees and contractors is integrated into the way we do business.

### **Health and Safety Philosophy**

CREE | WOLFSPEED AIMS TO PROVIDE A SAFE AND HEALTHY WORK ENVIRONMENT BY:

- Fixing accountability for health and safety performance with line management, just as it is for productivity, quality, and other business performance metrics
- Hiring, developing and retaining a team of health and safety professionals dedicated to assisting line management fulfill its mission of every employee going home as well as or better than how they arrived
- Recognizing, identifying and evaluating operations or processes which could negatively affect employee and contractor health
- Evaluating health and safety incidents to prevent recurrence
- Providing contractors information regarding EHS risks and relevant precautions and periodically reviewing contractor ratings to evaluate if they continue to meet safe and adequate performance standards
- Setting acceptable levels of risk based on government regulation or industry best practice
- Designing control measures for those operations or processes which are found to be potentially harmful
- Providing training to affected individuals
- Monitoring the effectiveness of our Occupational Health and Safety (OHS) programs and services to ensure the highest level of quality and support is being achieved

### **EHS and Code of Conduct Policies**

Our Environment, Health & Safety (EHS) Policy outlines our approach to continuous improvement.

Our Code of Conduct describes standards of conduct for our employees and directors in performing their duties and it applies throughout Cree | Wolfspeed and all its subsidiaries. In addition to including specific core principles relating to Occupational Health and Safety, it also provides examples of policy violations in the areas of employee health and regulatory compliance.

Our Supplier Code of Conduct requires that all suppliers comply with applicable health and safety laws and regulations to create safe working conditions and a healthy work environment for all workers.



## Occupational Health and Safety Programs

THE FOLLOWING OHS PROGRAMS HAVE BEEN IMPLEMENTED WITHIN CREE | WOLFSPEED:

Cree Program or Procedure	Elements of Protection for Workers Exposed to Hazards				
	Safe Work Practices <sup>1</sup>	Engineering Controls <sup>2</sup>	Personal Protective Equipment <sup>3</sup>	Hazardous Substance Information <sup>4</sup>	Measurement and Medical Checks <sup>5</sup>
<b>Management Systems</b>					
Management of Change Program	•	•	•	•	
Undesired Condition Identification and Screening	•				
<b>Occupational Health</b>					
Bloodborne Pathogens	•	•	•	•	•
Industrial Hygiene	•	•	•	•	•
Hearing Conservation	•	•	•	•	•
Ionizing Radiation Safety	•	•	•	•	•
Laser Safety	•	•	•	•	•
Ergonomics	•	•	•	•	•
International Travel Health	•			•	•
<b>General Safety</b>					
General Safety Requirements	•		•	•	
Job Safety Analyses	•	•	•	•	•
Personal Protective Equipment	•		•	•	•
Permit Required Confined Space	•	•	•	•	•
Hot Work	•	•	•	•	
Fire Extinguisher	•			•	
Electrical Safety	•	•	•	•	
Lock Out/Tag Out	•	•		•	
Machine Guarding	•	•		•	
Shop Tool Safety	•	•	•	•	
Fall Protection	•	•	•		
Ladder Safety	•				
Cranes, Hoists and Slings	•	•	•		
Walking Working Surfaces	•	•			
Powered Industrial Vehicles	•		•		
<b>Process Safety Management</b>					
Process Hazard Analysis	•	•	•	•	•
PSSR Pre Start Up Safety Review	•	•	•	•	•
Line Breaking	•	•	•	•	•

Cree Program or Procedure	Elements of Protection for Workers Exposed to Hazards				
	Safe Work Practices <sup>1</sup>	Engineering Controls <sup>2</sup>	Personal Protective Equipment <sup>3</sup>	Hazardous Substance Information <sup>4</sup>	Measurement and Medical Checks <sup>5</sup>
<b>Incident Management</b>					
Eyewash and Safety Shower	•	•			
Preparing for and Responding to Emergencies	•				
Emergency Action Plans	•			•	
<b>Transportation</b>					
Hazardous Materials Transport	•			•	•
<b>Sustainable Business Practices</b>					
Contractor Safety	•		•	•	
<b>Chemical Management</b>					
Hazard Communication	•	•	•	•	•
Chemical Hygiene Plan	•			•	•
Qualitative Exposure Assessment	•	•	•	•	•
Respiratory Protection	•		•		•
Compressed Gas Cylinders	•	•	•	•	

• Indicates that this is element of protection for workers exposed to hazards, and depending on the program:

<sup>1</sup> Examples of safe work practices at Cree include providing adequate training, maintaining good housekeeping in work areas, lifting no more than specific weight for repetitive and one time lifting, and acceptable working temperatures and humidity.

<sup>2</sup> Examples of engineering controls at Cree include proper ventilation, work performed inside enclosed equipment, substitution to less hazardous chemicals and automation of equipment.

<sup>3</sup> Examples of personal protective equipment at Cree include the requirement to wear safety glasses in all manufacturing areas; using gloves, face shields and chemical aprons when working with hazardous chemicals; and using hearing protection when working in areas above the regulatory threshold for noise.

<sup>4</sup> Examples of information on hazardous substances at Cree include providing information to employees about safe handling and storage of hazardous substances, providing information to employees and contractors about recognizing hazardous conditions, and ensuring proper signage and labeling of hazardous areas, piping and equipment.

<sup>5</sup> Examples of measurement and medical checks at Cree include testing of ventilated areas to ensure proper ventilation, performing exposure assessments to determine ambient concentrations and exposure potentials, and requiring medical surveillance per regulatory requirements.

## **Occupational Health and Safety Programs (continued)**

The Health and Safety portion of the Environment, Health and Safety Management System (EHSMS) is based on the US ANSI/AIHA/ASSE Z10-2012 Occupational Health & Safety Management Systems and the ISO 45001:2018 standards. All employees and contractors are covered under our EHSMS. Our health and safety management system is internally audited but not externally certified. Our environmental management system is internally audited and internally certified through ISO 14001. Our raw material suppliers are not yet screened using EHSMS criteria. Our US based contractors performing potentially hazardous work on any Cree | Wolfspeed site are screened using health and safety criteria.

Each internal written OHS program describes the hierarchy of controls when identifying hazards and assessing risks. Each program having a regulatory driver is tracked within our EHSMS and thoroughly reviewed at an appropriate frequency. These reviews aim to ensure the program has considered any new regulations or best practices, is being implemented effectively within the affected business unit, is being supported financially by line management and is producing desired results overall. We ensure the quality of the review processes through hiring competent, trained EHS professionals and monitor and coach them to provide feedback, training, and ongoing professional development toward their jobs. Each EHS professional is assigned periodic EHS program reviews. Any findings are recorded and tracked to completion.

Capital investments are subject to our management of change program which aims to minimize potential adverse impacts on employees, consumers, property, or the environment arising from process, operational or facilities change. The triggers or thresholds for EHS involvement along with examples are described in our internal management of change program.

## **Employee Involvement in OHS**

Employee involvement in OHS takes many forms including EHS Teams, EHS Point-of-Contact interaction in the production areas, Lean Kaizen events, and Management of Change processes. Our EHS training is connected to a learning management system and the on-boarding process for a new or transferred employee. Training is developed and tracked for all regulatory mandated programs and effectiveness is measured by observations, incident evaluations, team walk-throughs and audits or inspections.

## **Employee Health and Well-Being**

Cree | Wolfspeed supports the well-being of our employees through programs that support a healthy lifestyle. We are committed to offering benefits to employees and their families to assist in improving health and lifestyle choices. Programs throughout our operations are tailored to the needs of the employees in the region and include many health-related benefits. In our international locations, we adhere to regulatory benefits and health and wellness requirements. In our US locations, we offer programs such as our Bright Choices wellness program, which is designed to encourage employees and their families to adopt healthy lifestyle habits. This program provides options for employees to receive annual biometric screenings for important health markers, on-line classes, health coaches, and incentives for preventive health care. Employee benefits include medical and dental insurance, health and retirement savings accounts, fitness centers at some locations, paid time off, and family leave programs. Employee assistance programs provide professional counseling to help resolve personal issues. Refer to the Our Employees section of this report to learn more.

## **Incident Management**

Incident Management applies to all employees (temporary, permanent, full-time and part-time) who are involved in an incident or supervise an affected individual. If an incident involves a contract worker, contractors must refer to the Cree | Wolfspeed Contractor EHS Handbook, applicable to their service location, for guidance on incident reporting and notifications.

Our policies require employees to immediately report incidents or when they become aware of symptoms or any indication of a work-related complaint. Any concerns regarding hazards in the workplace can be reported to the employees' supervisor, any EHS staff, by entering a non-conformance in our electronic reporting system or through our corporate whistleblower reporting platform.

Employees are protected from reprisal when reporting incidents. Our policies inform employees that they have the right to report work related injuries and illnesses and that Cree | Wolfsped is prohibited from discharging or in any manner discriminating against them for reporting work-related injuries or illnesses. Supervisors are also expected to create a work environment that encourages the reporting of incidents and near misses. Supervisors are required to immediately report incidents to Cree | Wolfsped's Emergency Response Team, depending on the situation, and electronically to EHS within 24 hours so incident details can be properly evaluated and corrective actions assigned where appropriate.

Cree | Wolfsped follows confidentiality regulations in the country of operation (e.g., Health Insurance Portability and Accountability Act (HIPAA) laws are followed at our US locations). Our information management system has audit trail capability and control on who can view employee records. Anyone who can view employee records is granted access on a need to know basis. If the incident is industrial hygiene-related, our certified industrial hygienists are bound to ethical codes of conduct through their certifications and know to maintain employee confidentiality. Certification maintenance requires ongoing ethics training. Select employees in the US take HIPAA - Privacy Rules for Business Associates training.

Once initial information about the incident is gathered and documented, EHS assesses the incident severity. The incident severity assignment will determine the type of cause evaluation required and the time required to complete it. Evaluations are then performed, usually by the supervisor of the affected employee, to develop corrective actions to prevent reoccurrence of the incident and help improve our EHSMS. The incident evaluation process includes:

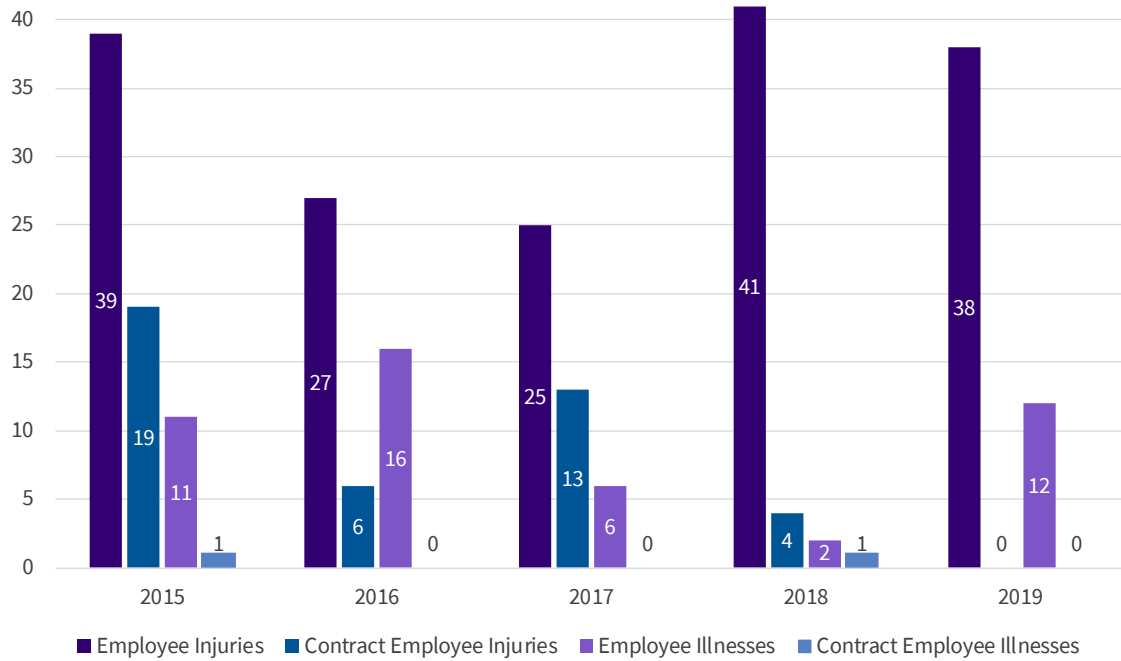
- Developing and reviewing a problem statement with the incident investigation team;
- Collecting all potentially relevant data (e.g., interviewing employees involved, performing walkthroughs of the affected area, reviewing security videos recorded during the event);
- Performing a cause analysis to identify the primary and contributing causes using the 5-Why method;
- Developing and assigning corrective actions using the S.M.A.R.T. (Specific, Measurable, Attainable, Realistic, Timely) criteria method

All evaluations and corrective actions are reviewed and approved by EHS staff prior to finalizing an incident review. After an incident, operations are then monitored using our incident management system.

## **OHS Metrics**

Cree | Wolfsped tracks all work-related injuries and illnesses and works to improve the safety of our workplace through evaluation and prevention measures. We have a comprehensive program to address workplace safety issues. Cree | Wolfsped has had no work-related fatalities since our business began operations in 1987. We are not aware of any occupational exposure issues in our manufacturing processes that would increase an individual's risk of any specific disease.

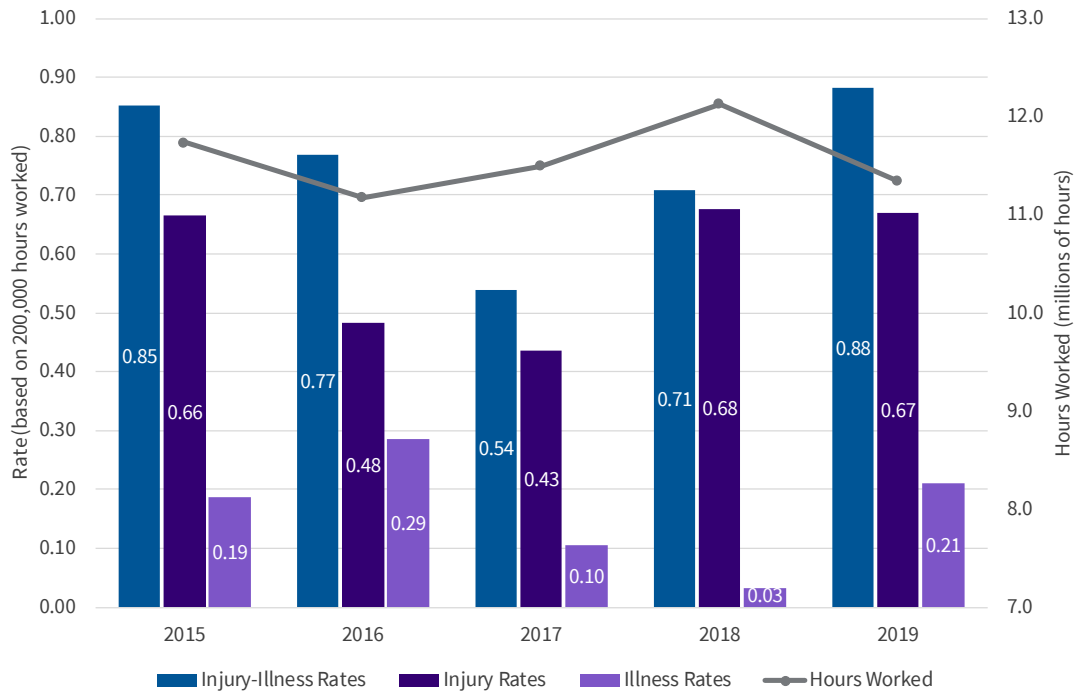
## Global Manufacturing Recordable Work-Related Injury-Illness Cases<sup>1,2</sup>



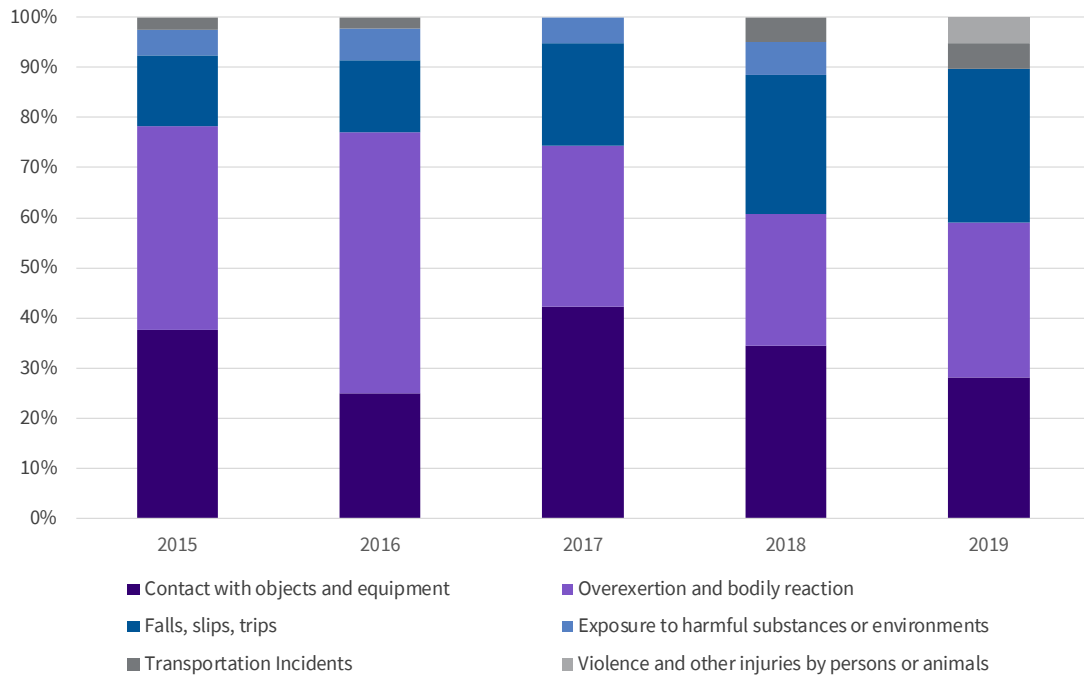
## Global Manufacturing High-Consequence Recordable Work-Related Injury-Illness Cases<sup>1,2,3</sup>



## Global Manufacturing Recordable Work-Related Injury-Illness Rates<sup>1,4</sup>



## Global Manufacturing Recordable Work-Related Injury-Illness Types



<sup>1</sup> Recordable Work-Related Injury-Illness = Work-related injury or ill health that results in any of the following: death, days away from work, restricted work or transfer to another job, medical treatment beyond first aid, or loss of consciousness; or significant injury or ill health diagnosed by a physician or other licensed healthcare professional, even if it does not result in death, days away from work, restricted work or job transfer, medical treatment beyond first aid, or loss of consciousness

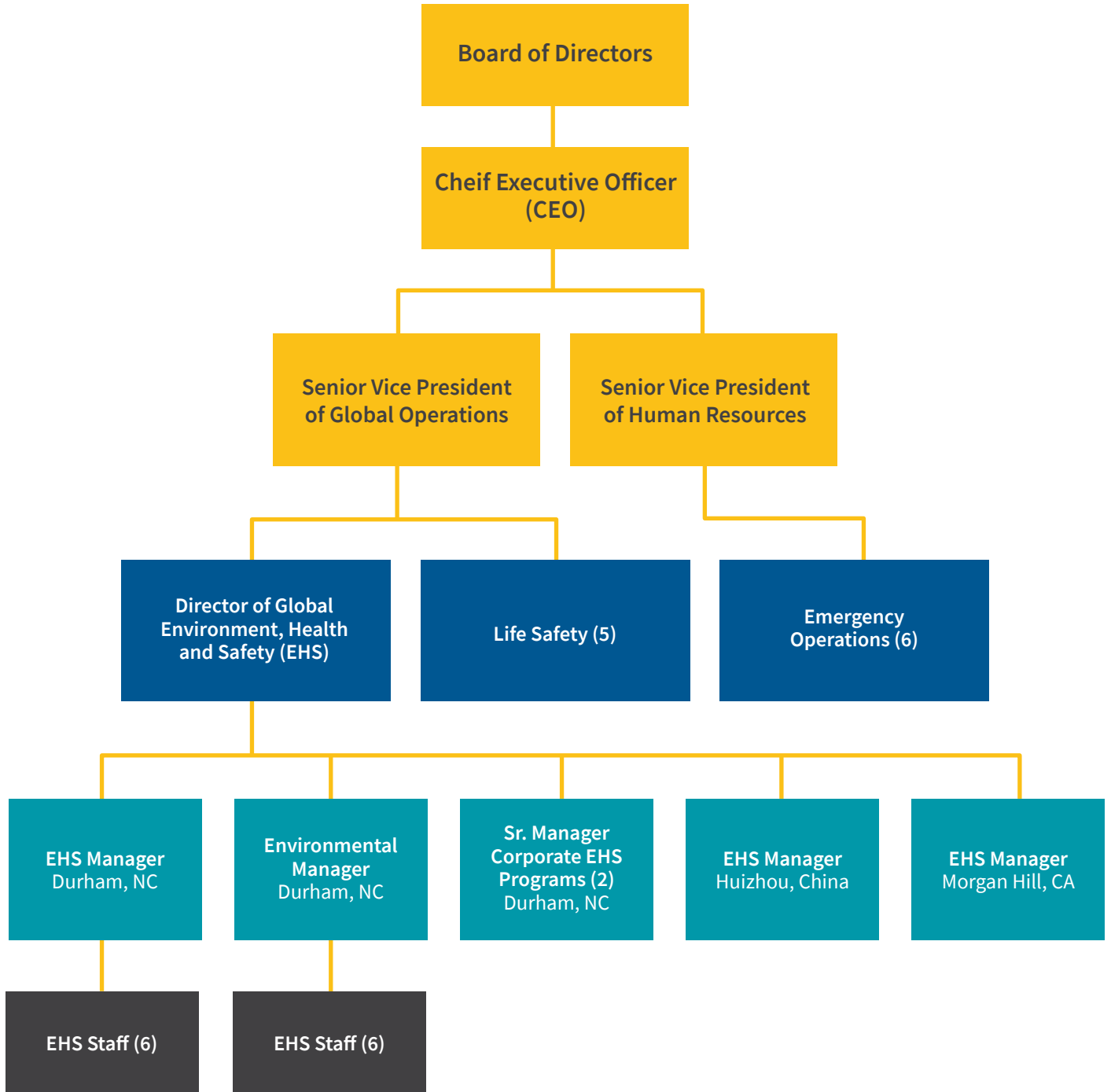
<sup>2</sup> Contract Employee = Any worker who is not a Cree | Wolfspeed employee but whose manager is and whose work and workplace may or may not be controlled by Cree | Wolfspeed.

<sup>3</sup> High-Consequence Recordable Work-Related Injury-Illness = Work-related injury or ill health that results in an injury from which the worker cannot, does not, or is not expected to recover fully to pre-injury health status within 6 months

<sup>4</sup> Rates are calculated using 200,000 hours worked (Rate = cases/total hours worked \* 200,000)

## EHS Organizational Structure

Cree | Wolfspeed has dedicated staff to implement EHS programs:



# HEALTH AND SAFETY — OUR CUSTOMERS AND PARTNERS

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We design and test our products to ensure the health and safety of our customers and partners.

## **Electrical Isolation Testing**

Electrical isolation testing is a direct current (DC) or alternating current (AC) dielectric withstand test that confirms our power products will not transfer high or hazardous voltages, thus helping safeguard our customers from electrical insulation failures.

## **Harsh Environments Testing**

To ensure our power modules will not fail or corrode in harsh environments we perform temperature and humidity bias (THB) testing, which exposes our products to high temperature and high humidity. This testing ensures our power modules can be operated in outdoor applications, such as renewable energy and electric vehicles.

## **Reduced Flickering**

Our LED products are designed to eliminate Temporal Light Modulation (Flicker). Flicker has been a concern among the LED lighting community for a number of reasons: negative health effects on people susceptible to epileptic seizures and headaches, making rotating equipment appear stationary, and an increase in fatigue among other issues associated with a visual change in perception of the environment.

## **Guidance on Safe Use of LEDs**

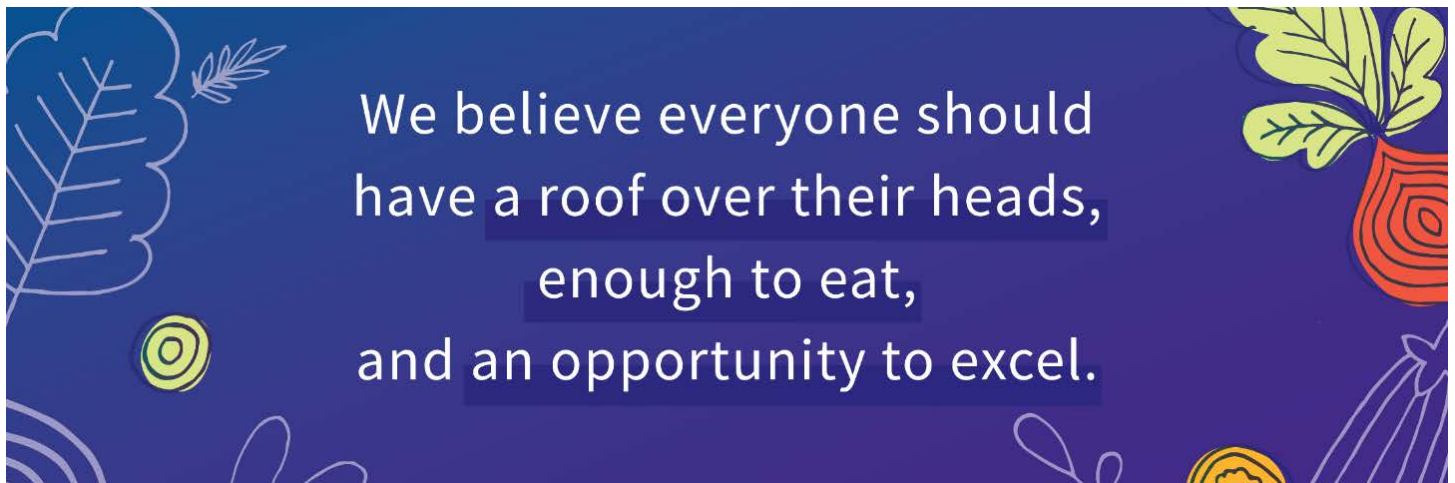
LED products, like natural sunlight, include shorter wavelengths (blue and green light) that can still present hazards to sensitive biological tissues. Thus, we routinely performs either irradiance or radiance testing to provide customers and end users with guidance on how to ensure our LEDs are not used in a manner where they could damage the end user's eyes and skin. This standardized IEC/EN testing is performed using custom equipment (i.e., no animal testing), designed to simulate the shape of the face and structure of the human eye, and includes peer reviewed and agreed to safety factors and measurement distances. Each lighting application can be unique, so consideration is also given to whether a lighting product includes a light diffuser, or focusing element, during testing.

Click [here](#) for more information about Cree's LEDs and eye safety.



# COMMUNITY ENGAGEMENT

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**At Cree | Wolfspeed, we believe everyone should have a roof over their heads, enough to eat, and an opportunity to excel.**

It is impossible for children to achieve at their highest level when they are worried about where they will sleep at night, or where their next meal will come from. Working with our community partners to meet these needs not only helps address the opportunity gap, but also helps students focus on achieving their full potential through science, technology, engineering and math (STEM) education programs. This work builds important relationships with our community neighbors, including those historically underserved communities, with the same spirit of innovation and passion that drives our business.

Working closely with our charitable corporate partners, we are able to focus our efforts on addressing homelessness, diversity and social injustice, as well as increasing awareness of the opportunities provided through STEM.

**Our Designated Charitable Corporate Partners Include:**

- American Heart Association
- Boilermaker – Utica
- Feeding America
- Feed My Starving Children
- Food Bank of Central & Eastern North Carolina
- Habitat for Humanity
- Marcy 5k Walk & Run
- Munson-Williams-Proctor Arts Institute
- North Carolina Arts in Action
- North Carolina Museum of Art
- NC State Engineering Foundation
- North Carolina Science Olympiad
- Occoneechee Council BSA
- Rescue Mission of Utica, Inc.
- RTP Charitable Fund (STEM in the Park)
- Save of the Day Foundation
- SUNY Polytechnic Institute Foundation
- University of Michigan
- Urban Ministries of Durham
- Wake County Energy Camp

## Community Engagement Impact Review

### Habitat for Humanity

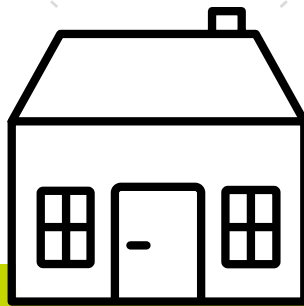
Durham Habitat builds and renovates 40+ homes and saves homeowners \$32+ in labor costs on average each year.



Annual CEO Builds



\$75K Whole Home 2020 Sponsorship



**150,000** LED lights donated since our partnership began



Multiple Annual Team Builds



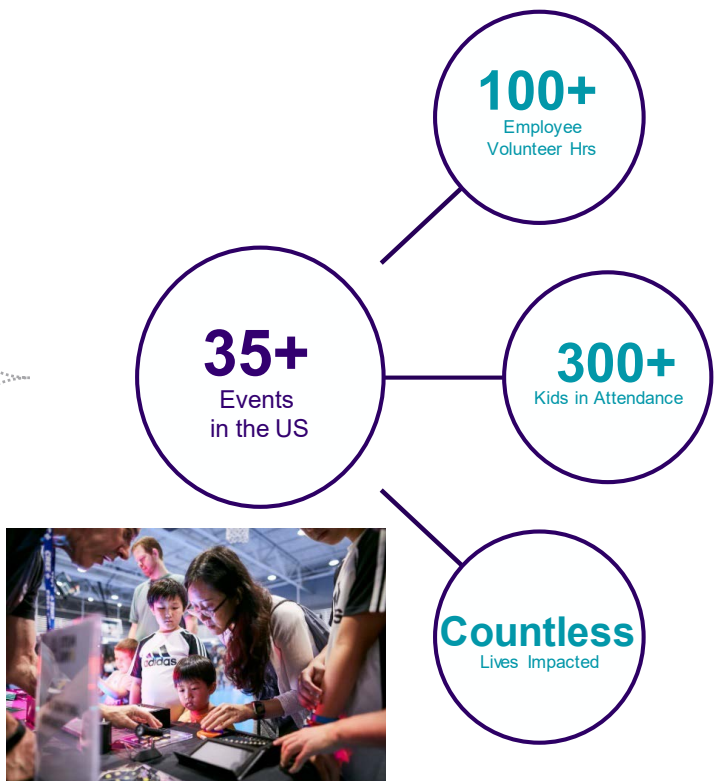
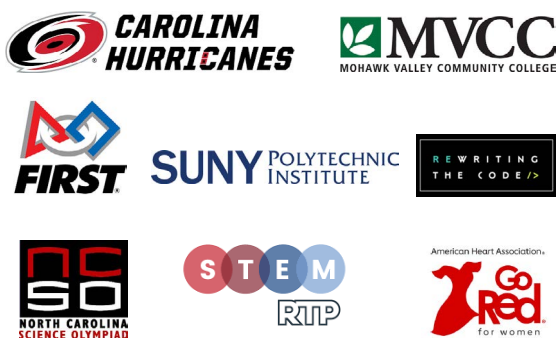
Playhouse donated to SAFEchild of Wake County

## Food Bank/Feeding America + Utica Rescue Mission (2018/2019)



## STEM Activities 2019

Working with partners who have broad reach and prioritizing underserved communities of children



## Event Highlights from our Cree | Wolfsped Locations


### 2019 Community Engagement Event Highlight: North Carolina, STEM Day



We hosted our second annual Science, Technology, Engineering and Math (STEM) Day at our Durham headquarters to showcase the importance of what we do here at Cree | Wolfsped through hands-on activities. STEM Day was open to Cree | Wolfsped employees and their children and children from the Boys & Girls Clubs of Wake County, North Carolina. We had 22 different activities, over 300 children in attendance, and over 90 Cree | Wolfsped employee volunteers.



### 2019 Community Engagement Event Highlight: North Carolina, Geek-A-Thon

**32** COMPUTERS AWARDED 

**WHAT DID OUR TEAM DO?**

**CLEANED & WRAPPED 250** LCDS

**LOADED AN OS ON 50** COMPUTERS

**FINAL TESTED 60** COMPUTERS

**RECYCLED:**

- **1,400** LBS OF NON-WORKING MONITORS
- **1,200** LBS OF METAL
- **1,100** LBS OF MISCELLANEOUS SCRAP

Over 40 Cree | Wolfsped employees in Durham, North Carolina participated in a mini Geek-A-Thon with local community organization, Kramden Institute. Volunteers disassembled computers, cleaned and tested equipment and awarded dozens of computers to local families. During this one-day event, sponsored by the Information Technology department, employees participated in all aspects of the computer refurbishing and awarding process.



**2019 Community Engagement Event Highlight:** California, YMCA Morgan Hill STEM Day



Cree | Wolfsped employees and interns teamed up with YMCA Morgan Hill to host STEM Day. Our interns created technical projects that about 60 children could turn into their own creations. The children worked in groups to create items like robots, writing utensils and light bulbs.

**2019 Community Engagement Event Highlight:** New York, Mohawk Valley Startup Team Day of Service



We believe in powering our community—from the communities in our backyard of Durham, North Carolina to the communities near our newest fab site in upstate New York. Cree | Wolfsped volunteers donated turkeys and holiday baskets to the Utica Rescue Mission, which included providing 200 turkeys and wrapped gifts to give to families in need for Christmas.

**2019 Community Engagement Event Highlight:** Arkansas, Hunger Action Month Food Drive



Our Fayetteville site organized a food drive for Hunger Action Month and donated the food to the Northwest Arkansas Food Bank. Together, we donated 634 pounds of food and cash donations to provide 3,000 meals to the local community!

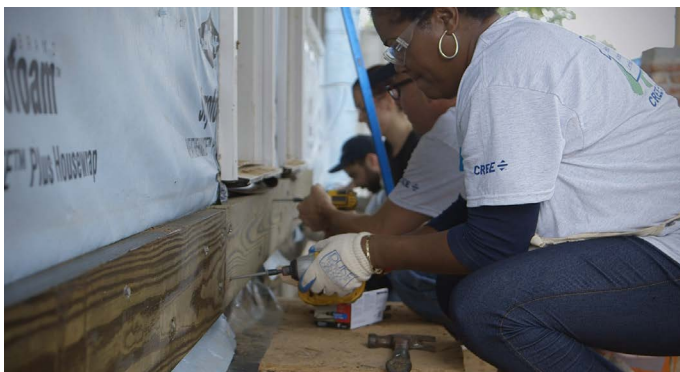
**2019 Community Engagement Event Highlight: Arizona, Feed My Starving Children**



Cree | Wolfspeed employees in Mesa, Arizona volunteered with Feed My Starving Children to pack nutritious meals that help to prevent malnutrition.

## A Year of Giving and Learning

Whether through corporate events and sponsorships or employee-led initiatives, we live our values by doing the right thing at work and in our local communities.



### FEBRUARY

- NC:** STEM EMFest—Hosted 3 design sessions for 160 middle and high school students

### MARCH

- NC:** Women's Initiative Fireside Chat
- NC:** Carolina Hurricane's STEM Day—Hosted 3 demo stations and 3 info sessions for 70 elementary/middle school children
- NC:** Coffee with Triangle Business Leaders
- NC:** Legislative/H4H Reception

### APRIL

- NC:** Habitat for Humanity CEO Build
- NC:** Environmental Education Classroom Visit
- NC:** Durham County Schools Externship
- NC:** Chef's Feast with Food Bank
- NC:** Food Bank tour
- NC:** Habitat for Humanity Breakfast
- NC:** NC Science Olympiad State Tournament

### MAY

- NC:** Triangle Go Red for Women Luncheon
- NC:** Women's Initiative Habitat for Humanity Playhouse Build
- NC:** Women's Leadership Conference
- NC:** Dress for Success Mock Interview Coaching

### JUNE

- NC:** Intern Volunteer Day
- NC:** Joined NC Science Olympiad State Board
- NC:** Joined RTP SDAC Board

### JULY

- NC:** Dress for Success Clothing Drive
- AR:** Fayetteville STEM Day with University of Arkansas summer camp
- NC:** Women's Initiative Inclusion & Diversity Conference
- NC:** NC Science Olympiad State Tournament Gold Medal Day
- NC:** Women's Initiative Food Service Day





## AUGUST

- 🌐 **NC:** Attended Triangle Diversity Conference
- 🌐 **NC and CA:** STEM Day in Durham, North Carolina headquarters with The Boys & Girls Club and STEM DAY in Morgan Hill, California with the YMCA

## SEPTEMBER

- 🌐 **NC and AR:** Hunger Action Month
- 🌐 **AZ:** Feed My Starving Children event
- 🌐 **NC:** Finance Leadership Team Volunteer Sorting at the Food Bank

## OCTOBER

- 🌐 **NC:** Around the World at Family Day with STEM learning and Habitat for Humanity building activities
- 🏠 **NC:** IT Leadership and Support Team Volunteer Build with Habitat for Humanity
- 🌐 **CA:** 5K Dia de Los Muertos Run

## NOVEMBER

- 🌐 **NC:** Dress for Success Mock Interviews
- 🌐 **NC:** Corporate Accounting Team Volunteering with the Food Bank
- 🌐 **NC, AR, CA:** Veterans Appreciation Breakfast—hosted an appreciation breakfast to recognize employees who are current or former US military service members at our Durham/RTP, Fayetteville and Morgan Hill sites.
- 🌐 **NC:** Yam Jam—100+ volunteers sorted 16,000 pounds of sweet potatoes that provided about 13,000 meals
- 🌐 **NY:** Donation to SUNY Poly Foundation to support FIRST Robotics programming
- 🌐 **NC and CA:** Holiday Donation Drive with the Urban Miniseries of Durham in NC and The Edward Boss Prado Foundation in California

## DECEMBER

- 🌐 **NC:** Giving Tuesday with the Food Bank
- 🌐 **NY:** Community Service Day with the Rescue Mission of Utica







# ENVIRONMENT | 2020

# PRODUCT SUSTAINABILITY

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Our product sustainability goals are simple: enable our customers to invent power and wireless systems for a responsible, energy efficient future. We are committed to responsibly managing our products from cradle to grave as we lead the innovation and commercialization of Silicon Carbide and GaN.



## EVS AND EV CHARGING

Wolfspeed's Gen3 Silicon Carbide MOSFETs enable faster, more efficient charging and increase power density of the electric circuits while reducing range anxiety. [Learn more here.](#)



## 5G TELECOM

Wolfspeed products allow 5G to transmit more data at faster speeds and with greater precision. GaN on Silicon Carbide has demonstrated to be a better solution overall for wireless communications because of its thermal conductivity, materials matching, efficient and total lifecycle cost.



## SOLAR ENERGY

Solar power systems designed around Wolfspeed Silicon Carbide offer huge efficiency gains and permit smaller system size, weight and cost, increasing solar energy adoption worldwide.



## HORTICULTURE

We help lower the cost of LED-assisted greenhouses, meaning a competitive advantage for growers, especially in Europe and other colder climates. The ability to grow crops in a more controlled greenhouse environment may also reduce the need for pesticides and other expensive and potentially dangerous chemicals.



## DATA CENTERS

Silicon Carbide based products are expected to result in 620 billion kWh of energy savings for US data centers from 2010 to 2020, which is equivalent to powering 560 million homes in the US for one year.



## LED SPECIALTY APPLICATIONS

Cree LEDs are optimized for indoor and outdoor, full-color video screens and billboards, providing super-bright light from little power.

Cree LEDs are incorporated into the first complete high definition (HD) LED array solution for automotive lighting systems. Compared to other HD systems, the module is easier to integrate into all vehicle classes due to its smaller size and weight.

## LEADING THE WAY TO A SUSTAINABLE FUTURE

**Compared to alternatives, our products sold in 2019 will save approx:**

**140 mil**  
**METRIC TONS**  
**OF CO<sub>2</sub>e** over their lifetimes, which is

**EQUAL TO:**



the CO<sub>2</sub> savings from  
**31,000**  
wind turbines running for one year

## PRODUCT ECOLOGY

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Cree | Wolfspeed maintains an active program to minimize harmful materials, including lead and cadmium, in our products. Visit our [Product Sustainability page](#) on [cree.com](#) to view our REACH and RoHS declarations.

## PRODUCT END OF LIFE

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Even though Cree | Wolfspeed's products have a long life, all good things do come to an end of their useful life. How should our products be disposed of when removed from service?

All Cree | Wolfspeed power devices, RF devices, LED chips and LED components are electronic components and should be considered for electronics recycling when feasible. Disposing of electronic waste in landfills is banned in many locations. In some areas of the world, depending on the recycle vendors available, individual LEDs and power and RF devices may not be able to be recycled due to their small size and product composition. You are encouraged to check your local regulations or with your local recyclers for advice on disposal of these components.

# ENVIRONMENTAL MANAGEMENT

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Cree is committed to responsibly managing environmental impacts, including being in compliance with environmental legislation as a minimum, and ensuring continual improvement in our environmental performance.

## ENVIRONMENT, HEALTH AND SAFETY POLICY

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Cree endorses and adheres to Environment, Health and Safety (EH&S) standards for all Cree sites. It is Cree's EH&S goal to design and develop products safely, that realize energy efficiency, minimize environmental impacts, and have sustainable life cycles. In this manner, the Company is continuously improving our EH&S performance and reducing the overall impacts of our manufacturing processes. To further ensure that Cree can implement such standards, Cree is dedicated to:

- providing a safe and healthy work environment for our employees;
- complying with regulatory and other requirements;
- using natural resources, energy, and materials efficiently;
- substituting sustainable resources in place of non-renewable resources;
- reusing or recycling materials wherever technically possible and economically reasonable;
- minimizing waste and disposing of waste safely and responsibly;
- sourcing raw material responsibly;
- implementing specific measures to prevent and minimize hazards to humans; and the environment including pollution prevention; and
- consulting with and encouraging the participation of workers and workers' representatives, as applicable.

## ISO 14001

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The benefits of implementing an environmental management system include improved environmental risk management, cost savings, meeting external stakeholder expectations, ensuring compliance with environmental laws, and decreasing our environmental footprint through discovering new possibilities for energy, water and waste usage reductions.

### **Durham Site**

(North Carolina)

- ISO 14001:2015

### **Morgan Hill Site**

(California)

- ISO 14001:2015

### **Research Triangle Park Site**

(North Carolina)

- ISO 14001:2015

### **Huizhou Site**

(China)

- ISO 14001:2015

# NC ENVIRONMENTAL STEWARDSHIP INITIATIVE

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Our North Carolina manufacturing facilities are members of the North Carolina Environmental Stewardship Initiative (ESI). ESI is a voluntary program, provided by the state of North Carolina through the Department of Environmental Quality, to encourage companies to go beyond compliance to reduce impacts on the local environment. The program requires companies to have a mature environmental management system and aggressive environmental goals. ESI has three levels of participation. Our North Carolina facilities entered the program in 2018 at the first level as an Environmental Partner with the goal of rising to the highest level as an Environmental Steward in the future. In 2019, our North Carolina facilities rose to the second level as a Rising Steward. More information about the ESI program can be found [here](#).

## ENVIRONMENTAL GOALS

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### REDUCING WASTE TO LANDFILL

#### NORTH CAROLINA, USA FACILITIES

**Goal:** Increase solid waste percent diversion from landfill (average per year) by 10%

**Baseline Year:** 2018, our baseline average diversion from landfill rate is 59.2%

**Target Year:** 2020

**Progress Toward Goal:** In progress, achieved 63.7% average diversion from landfill in 2019

### WATER RECYCLING

#### NORTH CAROLINA, USA FACILITIES

**Goal:** Improve consistent water recycle rate to 3.7 million gallons per month for 6 consecutive months (based on 90% operational time).

**Baseline Year:** 2018

**Target Year:** 2021

**Progress Toward Goal:** Our goal was updated mid year to account for an error found in the original calculation. We achieved our goal in 2019 with a 3.7 million gallons per month consistent water recycle rate.

#### HUIZHOU, CHINA FACILITY

**Goal:** Recurring annual goal to meet 65% water recycle rate.

**Baseline Year:** None

**Target Year:** 2019

**Progress Toward Goal:** Goal met in 2019, achieved an annual average of 68% water recycle rate

### ENERGY EFFICIENCY

#### GLOBAL MANUFACTURING FACILITIES

**Goal:** EP100, Double our energy productivity metric of revenue (USD)/MWh energy consumed in manufacturing.

**Baseline Year:** 2017, our baseline EP100 metric is 1,909 \$/MWh

**Target Year:** 2040

**Progress Toward Goal:** In progress, our 2019 EP100 metric was 2,099 \$/MWh

#### NORTH CAROLINA, USA FACILITIES

**Goal:** Decrease electricity usage per revenue by 8%

**Baseline Year:** Q1 and Q2 FY 2019

**Target Year:** Q3 and Q4 FY 2020

**Progress Toward Goal:** Retired in 2019 to focus on global EP100 Goal

# ENERGY AND GREENHOUSE GAS EMISSIONS

## Our Products

Our LED, power and radio frequency products are created with energy-efficiency in mind. Our power and radio frequency products allow other industries to develop leading energy efficient products in applications such as renewable energy, wireless communication, electric vehicles, and electric vehicle charging.

The GHG emissions associated with using our products over their lifetimes represent roughly 99% of our total GHG footprint. **Compared to traditional less efficient alternatives, our LED, power and radio frequency products sold in 2019 will save approximately 350 million MWh and 140 million metric tons CO<sub>2</sub> equivalents over their estimated lifetimes.**

## Our Manufacturing

We recognize the future possible environmental, social, and economic impacts associated with climate change and increasing energy demands. In addition to providing energy efficient products, we strive to reduce GHG emissions and improve energy efficiency at all Cree | Wolfspeed sites.

### EP100

*EP100 is a global, collaborative initiative of influential businesses that pledge to double their energy productivity.*

We achieved our EP100 goal for lighting products in terms of lumens produced by our products per energy consumed in manufacturing in 2017. Since our new strategic focus is to build a powerhouse semiconductor company around our power and radio frequency products, we developed a new EP100 goal in 2019. We pledged to double our manufacturing energy productivity in terms of revenue per MWh of energy consumed during manufacturing from 2017 to 2040.

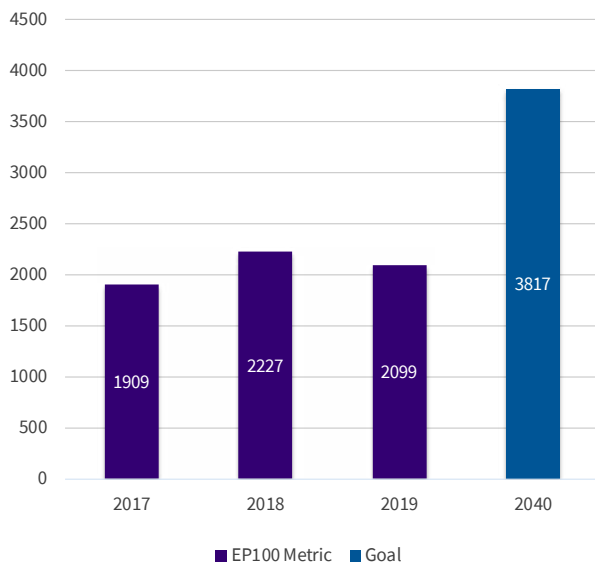
### CDP

*CDP runs a global disclosure system of self-reported environmental data.*

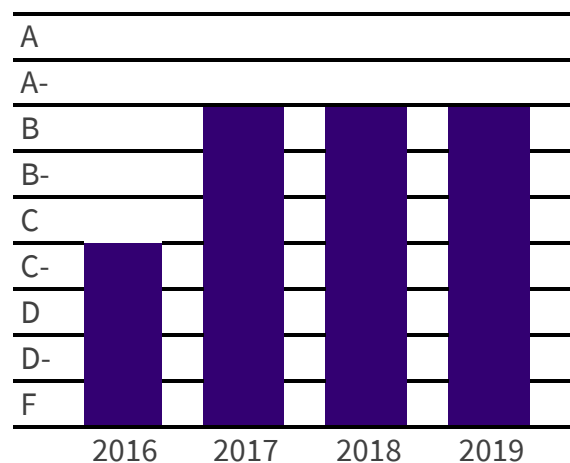
In 2016, we disclosed its company-wide GHG emissions and climate change risks and opportunities to CDP for the first time. We will continue calculating our GHG emissions in the future because measuring GHG emissions helps us recognize and work toward lowering our impact. Visit [cdp.net](https://www.cdp.net) or our **Sustainability Reporting page** to view our responses to the CDP Climate Change Survey.

### EP100 Progress

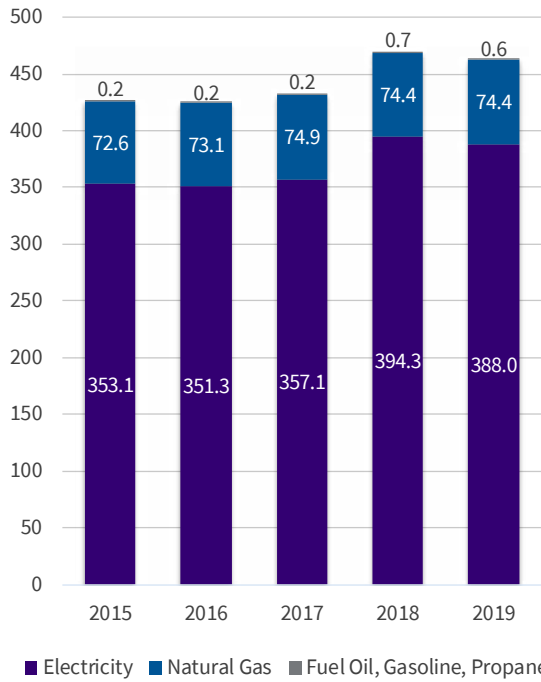
Revenue per MWh Consumed in Manufacturing



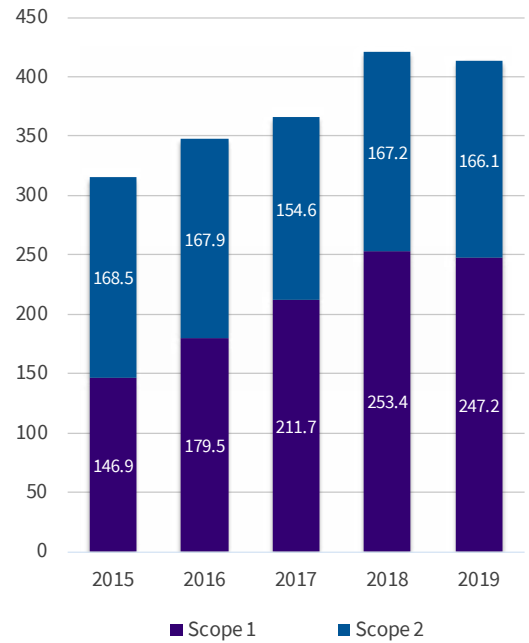
### CDP Climate Change Score Progress



## Global Manufacturing Energy Consumption\* in Gigawatt Hours



## Global Manufacturing GHG Emissions\* in Metric Tons CO<sub>2</sub> Equivalents

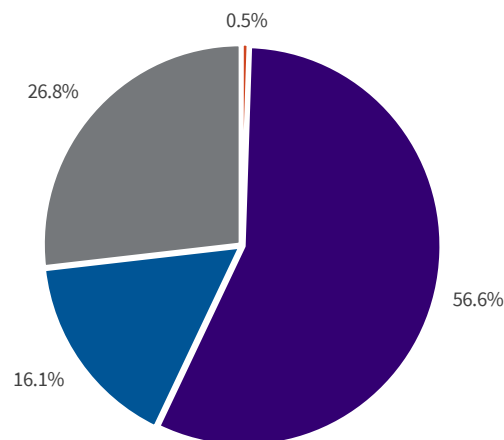


**Scope 1:** Our direct GHG emissions (e.g., fuel combustion, fluorinated gases used in manufacturing).

**Scope 2:** GHG emissions from the consumption of purchased electricity at our facilities

\*2019 data includes energy and GHG emissions from all global facilities, including manufacturing, warehouses, R&D only facilities, and sales offices.

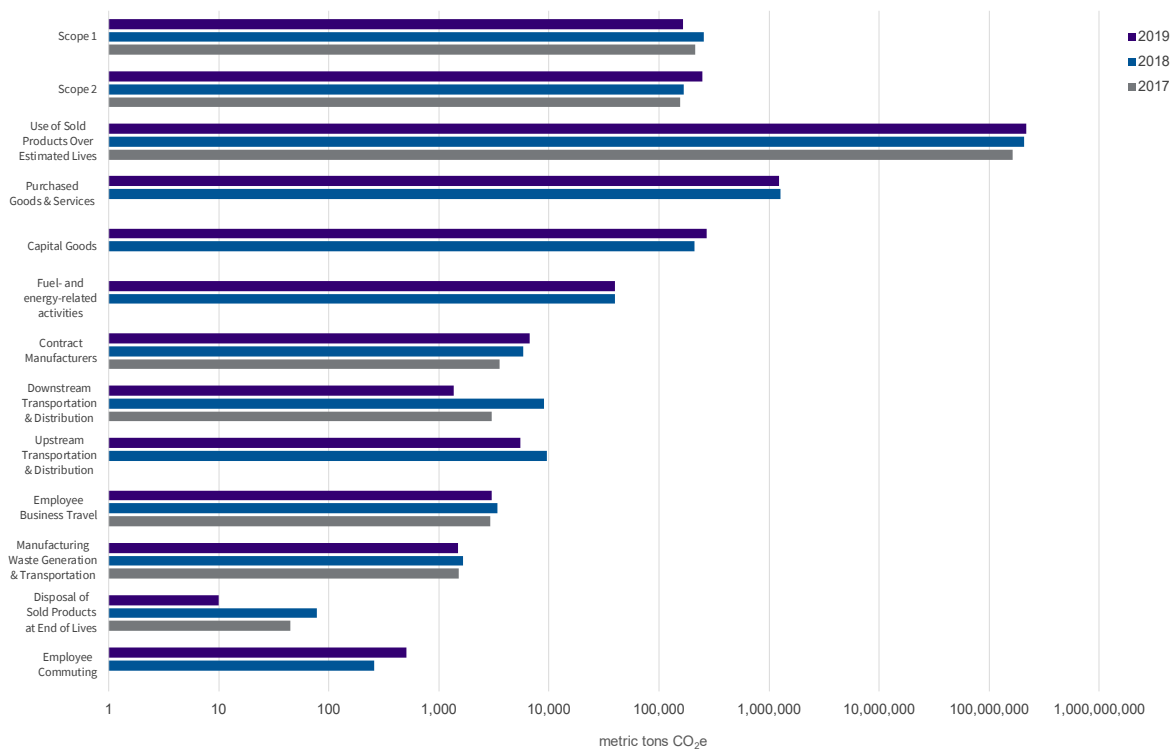
## 2019 Global Energy Purchases



- Direct Purchases of Renewable Energy (e.g., Wind, Solar)
- Direct Purchases of Non-Renewable and Non-Carbon-Free Energy (e.g., Natural Gas, Diesel)
- Estimated Renewable Energy Purchases Based on Country-Specific or Local Utilities' Energy Grid Mix
- Estimated Other Carbon-Free Energy (e.g., Nuclear) Purchases Based on Country-Specific or Local Utilities' Energy Grid Mix



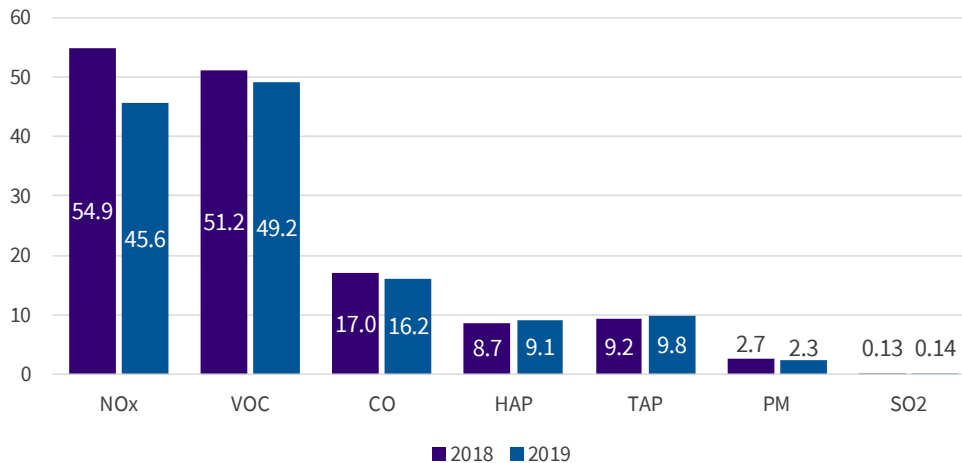
## Our Carbon Footprint in Metric Tons CO<sub>2</sub> Equivalents



## OTHER AIR EMISSIONS

When applicable, our manufacturing sites are subject to local air emissions regulations for criteria pollutants (NO<sub>x</sub>, SO<sub>2</sub>, etc.), hazardous air pollutants (HAP)<sup>1</sup> and toxic air pollutants (TAP)<sup>1</sup>. Our sites comply with regulations through each site’s air permit requirements. For select processes we use air emissions control devices, including dust collectors, thermal oxidizers and scrubbers.

### Other Air Emissions in Metric Tons



<sup>1</sup> Air pollutants are classified as hazardous air pollutants (HAP) based on the US EPA list of HAP. Air pollutants are classified as toxic air pollutants (TAP) per the regulations applicable at each facility.

## OUR CLIMATE CHANGE RISKS

Potential Risk	Potential Impacts	Estimated Financial Implications	Management Method
<b>Carbon Taxes</b>	Requires reduction in Scope 1 emissions and potentially addition of abatement technologies.  Difficult to alter manufacturing inputs since our products rely on the use of very specific inputs. Changing the types and amounts of gases used in our manufacturing processes used could greatly compromise product quality.	\$30 million annually	Improved yield  Increasing the size of the silicon carbide wafers produced which yields more product per the same amount of input.  Currently exploring options for abatement at our facilities and a project to eliminate the use of one of our greenhouse gases with a high GWP.
<b>Change in average temperatures</b>	Could potentially affect our manufacturing process since the control of temperature and humidity in our fabs is crucial for product quality.	\$0-\$100,000 annually	Currently have robust systems in place to control the fabs' temperature and humidity.
<b>Sea level rise</b>	Could impact the ports used for shipment of raw materials and products around the world.  Offices in vulnerable locations would need to be moved. Manufacturing facilities are not considered to be at risk on a 10 year horizon.	Potential 0-10% increase in transportation costs \$1-10 million if vulnerable office locations were impacted and were required to relocate.	We take information such as this into account when selecting locations for our facilities.  We greatly limit the operation in vulnerable areas of the world and have risk management measures in place to cope with catastrophic events.
<b>Fluctuating socio-economic conditions</b>	Critical raw materials are sourced from areas of the world vulnerable to political instability because of drought and other climate changes.	Severe cost to our supply chain and business interruption. Depending on the material, it could have a significant impact.	Our dedicated staff, Supplier Code of Conduct and Responsible Minerals Sourcing Policy help to manage potential risks in our supply chain.
<b>Unsuccessful investment in new technologies</b>	Local utilities are not adopting policies that promote the economical adoption of renewable energy sources. We also see a risk with utilities not upgrading their grid system to be able to accept and store renewable energy. Government subsidies for renewable energy are being phased out in the US.	Switching to renewable energy to supply our manufacturing electricity could result in a decrease in our electricity bill costs. We estimate that not being able to adopt renewable energy could result in us spending an extra \$1-5 million in annual electricity costs. The financial implications for this risk affecting our product sales is currently unknown.	We have dedicated staff to manage our facilities' electricity systems and interactions with local utilities and policy makers.
<b>Changes in consumer behavior</b>	The emergence of new technologies that are more efficient than our products and/or market saturation of products could greatly affect our business.	We could potentially lose business to competing technologies, which could negatively impact the business.	We will continue to innovate for the future and develop industry-leading energy efficient products. We are constantly developing new technologies and creating new markets for our products. We invest significant resources in research and development (\$157.9 million in FY2019).

## OUR CLIMATE CHANGE RISKS (CONTINUED)

Potential Risk	Potential Impacts	Estimated Financial Implications	Management Method
<b>Water scarcity/ availability</b>	We require ultra-pure water for our manufacturing processes. Water availability and quality issues due to climate change could affect our manufacturing operations and product quality.	Some risk exists, but no substantive impact is anticipated.	We have evaluated water stress risks of our manufacturing operations using the WRI Aqueduct tool and they are not located in areas deemed to have “high” or “extremely high” water stress risk. We continue to operate internal water recycle facilities at our manufacturing sites with the largest water demand. We purchase water directly from the municipality and work closely with them to communicate water demand.
<b>Slower adoption of technologies due to global issues</b>	The impact of the global COVID-19 pandemic has certainly affected every aspect of life, including industries such as Cree’s. As impactful as the pandemic has been this year we are hopeful that the impacts are truly short-term, thereby not impacting our medium-term or long-term objectives. Our power and radio frequency products are used in applications such as renewable energy, EVs and EV charging. Highlighting this fact, BloombergNEF’s Electric Vehicle Outlook 2020 Report anticipates global passenger vehicle sales to drop by 23% in 2020. They also reported that EV sales have dropped and global auto sales may not recover to 2019 levels until 2025. However, according to an International Energy Agency 2020 study, EVs are expected to fare better than the overall car market. Since COVID-19 stay at home orders resulted in short-term improvements in global air quality, people have seen the effects of reducing combustion-based transportation first hand, which we foresee as being an opportunity for increasing EV demand in the future.	We continue to invest to ensure our employees are safe from the pandemic at our facilities. As we are in the middle of this pandemic, these costs have not been totaled.	During the COVID-19 pandemic, we have continued to operate the company globally. We have a robust business continuity plan that balances employee safety with the ability to get our products to market, run logistics and manage the supply chain from multiple locations with a wide range of suppliers and partners. We remain committed to delivering to our customers, and our sales teams are available to support them as always, along with our dedicated engineering and support staff.

## OUR CLIMATE CHANGE OPPORTUNITIES

Potential Opportunity	Potential Impacts	Estimated Financial Implications	Management Method
<b>Changes in consumer behavior</b>	We believe that our LED, power and radio frequency products appeal to the growing number of eco-conscious consumers and commercial customers who want energy efficient, less-emissive, and long-lasting products. We expect an increase in demand for our power and radio frequency products. Our power and radio frequency products greatly reduce power loss, resulting in less electricity wasted (and thus fewer GHGs emitted).	We anticipate our power and radio frequency revenue to increase from \$538 million in FY2019 to about \$1.5 billion by FY2024. We also expect our LED business to continue growing and anticipate our LED revenue to steadily increase from \$524 million in FY2019 to about \$0.6 billion in FY2024.	Our R&D employees are responsible for developing energy efficient, long-lasting, and innovative products. We invest significant resources in research and development (\$157.9 million in FY2019).
<b>Carbon taxes and product efficiency regulations and standards</b>	We have always focused our priorities on improving the design and energy efficiency of our products. Our LED, power and radio frequency products substantially reduce the amount of customer energy consumption and associated GHGs emitted. If a carbon tax system is established in the future, we will be able to provide energy efficient, less-emissive, and long-lasting products to meet customer needs. Carbon taxes may also enable us to gain new customers seeking products that emit less GHGs to lower their carbon tax payments.	We anticipate our power and radio frequency revenue to increase from \$538 million in FY2019 to about \$1.5 billion by FY2024. We also expect our LED business to continue growing and anticipate our LED revenue to steadily increase from \$524 million in FY2019 to about \$0.6 billion in FY2024.	Our R&D employees are responsible for developing energy efficient, long-lasting, and innovative products. We invest significant resources in research and development (\$157.9 million in FY2019).
<b>Change in average temperatures</b>	For lighting applications, not only do Cree LEDs allow our customers to use less energy to produce the same amount light as a traditional lighting source, they also produce less heat, saving energy on air conditioning.	We expect our LED business to continue growing and anticipate our LED revenue to steadily increase from \$524 million in FY2019 to about \$0.6 billion in FY2024.	Our R&D employees are responsible for developing energy efficient, long-lasting, and innovative products. We invest significant resources in research and development (\$157.9 million in FY2019).
<b>Change in precipitation extremes and droughts</b>	We see changes in precipitation extremes and droughts and how it affects crop yields as a possible opportunity for us. If more crop production occurs in controlled indoor environments, we can provide LEDs to support these horticulture operations.	We expect our LED business to continue growing and anticipate our LED revenue to steadily increase from \$524 million in FY2019 to about \$0.6 billion in FY2024.	Our R&D employees are responsible for developing energy efficient, long-lasting, and innovative products. We invest significant resources in research and development (\$157.9 million in FY2019).
<b>Increased adoption of renewable energy</b>	We are transparent regarding product efficiency and information about our products' efficiency can be found on our website. Our power products can also be used in renewable energy applications, including solar power systems. Solar power systems designed around our silicon carbide (SiC) power devices offer huge efficiency gains and permit smaller system size, weight and cost.	We anticipate our power and radio frequency revenue to increase from \$538 million in FY2019 to about \$1.5 billion by FY2024	Our R&D employees are responsible for developing energy efficient, long-lasting, and innovative products. We invest significant resources in research and development (\$157.9 million in FY2019).
<b>Changes in consumer behavior</b>	The emergence of new technologies that are more efficient than our products and/or market saturation of products could greatly affect our business.	We could potentially lose business to competing technologies, which could negatively impact the business.	We will continue to innovate for the future and develop industry-leading energy efficient products. We are constantly developing new technologies and creating new markets for our products. We invest significant resources in research and development (\$157.9 million in FY2019).

# WATER

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## Water Management

Because water quality and scarcity are growing concerns that affect all people and industries, we are committed to proper water use management practices for all Cree | Wolfspeed sites. We continuously strive to implement best management practices that conserve and recycle water and prevent and reduce water pollution:

- Our Durham site has been recycling process water since 2005, and we currently recycle an average of 120,000 gallons of water per day. Our Huizhou site installed a new water recycling system in 2017 and now recycles approximately 200,000 gallons of water per day. Both facilities have goals to improve water recycling rates.
- In 2007, our Durham and RTP sites initiated a wastewater pre-treatment system, which prevents approximately 30,000 pounds of fluoride from entering a local water supply each year.
- At all sites, we have implemented best management practices for control of stormwater to minimize the effects of stormwater run-off.
- Our Durham site is reducing the risks associated with chemical spills by using a stormwater conveyance system which allows for containment in the event of an incident.
- In 2018, we installed additional rainwater collection at the Durham site, and now collect rainwater to supplement water used in the production process.

## Water Withdrawals, Discharges, and Consumption

All of our manufacturing facilities' water withdrawals primarily come from municipal (third-party) sources. Our other source of water withdrawal includes rainwater (surface water), depending on the facility. All water used at our manufacturing sites is freshwater. Most of our water is used during electronics manufacturing including cooling tower use, but water is also used for irrigation and human consumption (i.e., drinking water, sanitary sewer and water used in locations where we have an on-site cafeteria). We work internally to ensure each department receives the water required for each step of the manufacturing process, as to not compromise product quality. We engage with our local water supply and wastewater treatment plants to plan for infrastructure needed for future water use, and have a water conservation and management plan in the event that water from local sources is reduced due to a drought. We have not yet worked with other suppliers or customers on water related issues.

Both our Durham and Huizhou sites have water recycle systems to offset municipal water purchases and reduce the consumption of water. Our water recycle rate goals were developed for the sites that are Cree | Wolfspeed's largest water users. The goals were set based on the technology available, the quality of water needed as an output of the process, the availability of water in the operating region, water recycle regulations in place, and to align with our ISO 14001 environmental management systems. The goals aim to ensure each site optimizes their water recycle systems, including ensuring better operation and maintenance of the systems to reduce down time. Refer to our Environmental Goals section of this report for more information about our water recycle goals.

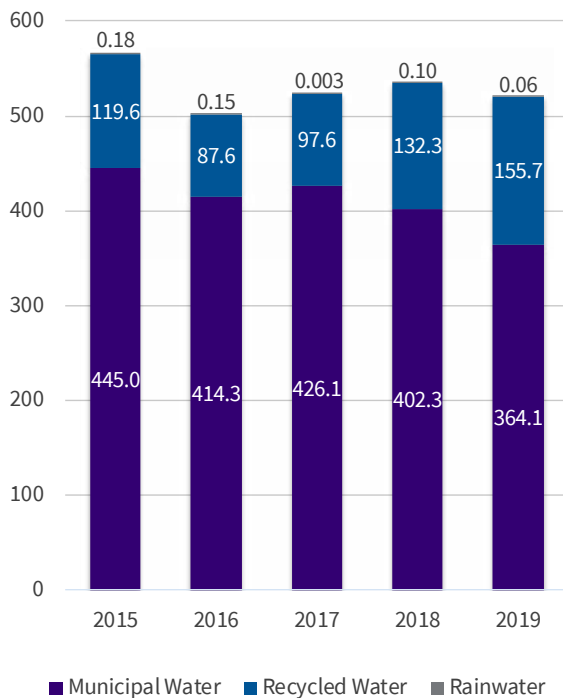
All facilities discharge to a municipal (third-party) waste water treatment plant and are subject to local discharge requirements. Water discharged meets local regulatory requirements for water quality, including nutrients levels, metals, pH, temperature, etc. All of our manufacturing sites have wastewater permits that mandate the quality of water discharged. Our stormwater is also monitored to ensure it meets discharge criteria, which prevents degradation of local water supplies.

## 2019 Global Manufacturing Water Usage

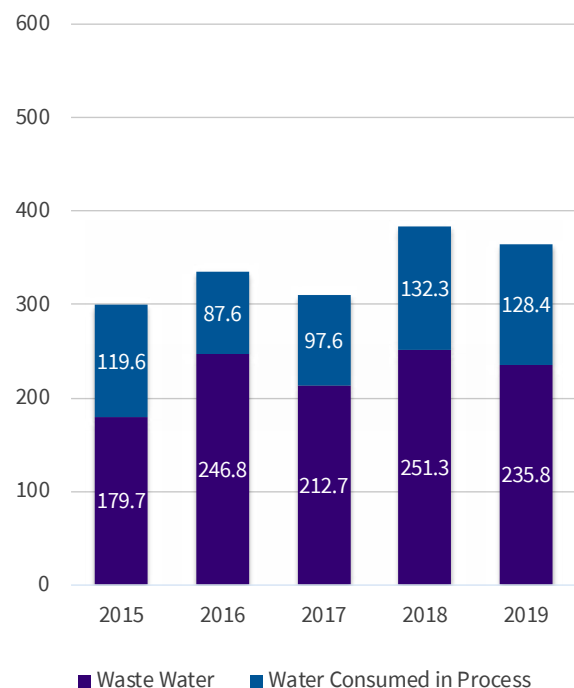
Source	All Facilities	Facilities in Low Water Stress <sup>1</sup> Regions	Facilities in Low-Medium Water Stress <sup>1</sup> Regions	Facilities in Medium-High Water Stress <sup>1</sup> Regions
<b>Water Withdrawals (millions of gallons)</b>				
Third-Party Water	364.1	0.3	226.9	136.9
Surface Water (Rainwater)	0.06	0.0	0.06	0.0
<b>Water Withdrawals</b>	<b>364.2</b>	<b>0.3</b>	<b>226.9</b>	<b>136.9</b>
<b>Water Recycled (millions of gallons)</b>				
<b>Recycled Water</b>	<b>155.7</b>	<b>0.0</b>	<b>49.7</b>	<b>106.0</b>
<b>Water Discharges (millions of gallons)</b>				
<b>Third-Party Wastewater</b>	<b>235.8</b>	<b>0.3</b>	<b>142.5</b>	<b>92.9</b>
<b>Water Consumption (millions of gallons)</b>				
<b>Water Consumed in Process (Primarily Evaporation)</b>	<b>128.4</b>	<b>0.0</b>	<b>84.4</b>	<b>44.0</b>

<sup>1</sup> All of our global manufacturing facilities were assessed for water stress using the World Resources Institute Aqueduct Water Risk Atlas. Low water stress indicates the facility(ies) scored 0 to 1 out of 5 for Overall Water Risk. Low-medium water stress indicates the facility(ies) scored 1 to 2 out of 5 for Overall Water Risk. Medium-high water stress indicates the facility(ies) scored 2 to 3 out of 5 for Overall Water Risk. Overall Water Risk identifies regions that have a higher exposure to water-related risks and represents an aggregated measure of all indicators from the individual water risk categories of Physical Risk Quantity, Physical Risk Quality and Regulatory & Reputational Risk (Source: WRI Aqueduct Water Risk Atlas)

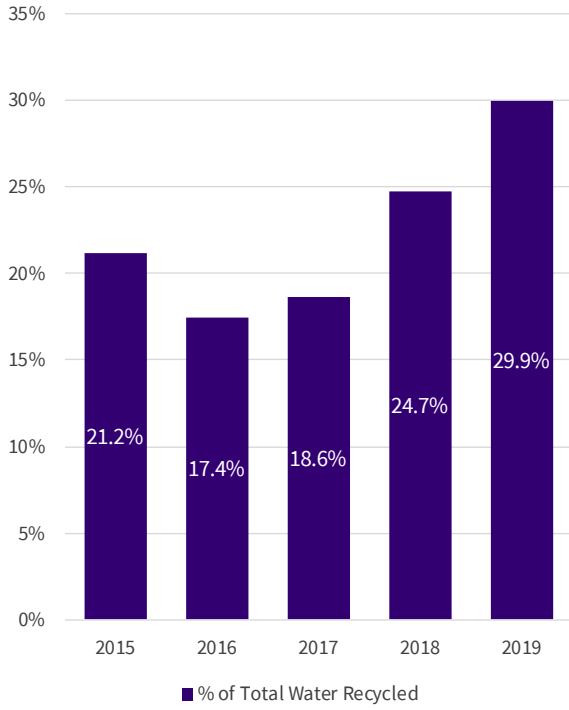
### Global Manufacturing Water Demand in Millions of Gallons



### Global Manufacturing Water Discharges and Consumption (Water Out) in Millions of Gallons



## Global Manufacturing Water Recycling





# WASTE MANAGEMENT

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## **Our Products**

Our Power and RF products made from silicon carbide (SiC) outperform conventional silicon (Si) components. In many applications, fewer SiC components are required compared to Si components when creating an electrical circuit with a similar output. To sustain a required current and voltage, Si components must be larger, meaning SiC components perform better with less materials required. Using less SiC components for a circuit and reducing the amount of materials in a SiC versus Si component means less materials are required to be disposed of at the end of their lives.

Cree LED products are designed to last. By switching to long-lasting Cree LEDs for your lighting applications from incandescent or CFL, fewer lights need to be purchased, replaced and tossed away, thus less material will go into the waste stream, and eventually landfills.

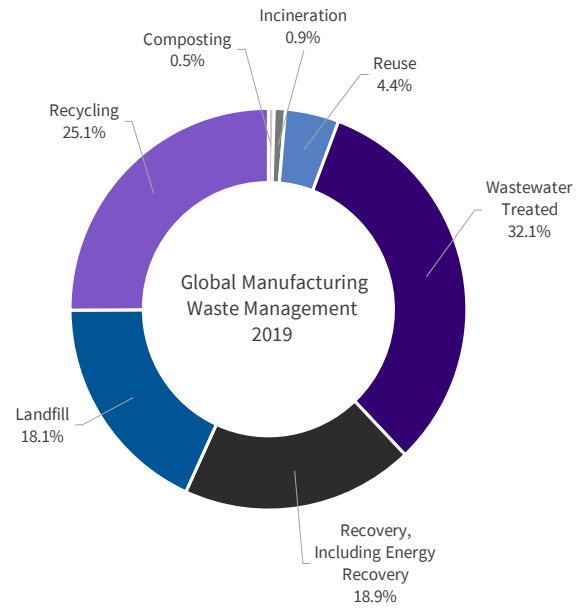
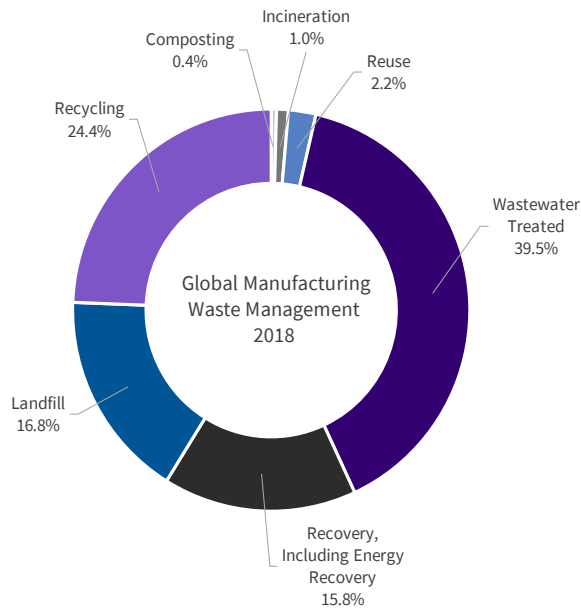
## **Our Manufacturing**

The responsibility for waste generation spans from cradle to grave, and Cree is dedicated to minimizing waste and disposing of waste safely and responsibly:

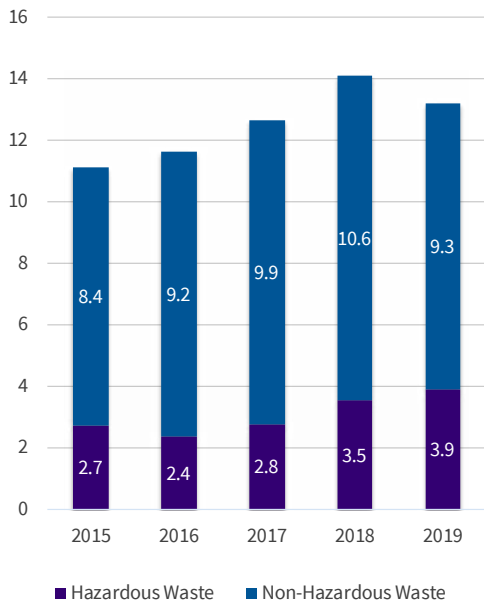
- From 2014 to 2015, we reduced our chemical waste generation from manufacturing by 277,000 pounds.
- We reduced the consumption of chemicals in our manufacturing processes, specifically the use of one of our major raw materials by 70% in 2016.

In addition to reducing waste generation, we are dedicated to reusing or recycling materials whenever technically possible and economically reasonable. We seek opportunities for waste to be recycled or become a feedstock for use in other manufacturing processes. This not only lowers costs but helps us and other manufacturers to decrease virgin raw material consumption and reduce environmental impacts. We have implemented the following practices as part of our commitment to reuse and recycle materials:

- We recycle solid waste materials in manufacturing and office sites, including metal, plastic, glass, paper, cardboard, wood, cans and bottles.
- Since 2016, we have sent waste liquid solvents to a facility for use as alternative fuel. We also send specific solid waste streams for use as fuels in waste to energy facilities.
- In 2016, our Durham facility began composting waste at the cafeteria. The composting program diverts approximately 50,000 pounds of waste from the landfill per year.
- In 2016, we set our first waste to landfill reduction goals. We had a goal to reduce its waste to landfill rate at our North Carolina sites by 10% using 2016 as a baseline. We achieved that goal in 2018 by reducing our average solid waste to landfill from 55.0% to 44.3% from 2016 to 2018. We have a new goal to reduce our North Carolina sites' waste to landfill rate by another 10% by 2020, using 2018 as our baseline. Refer to the Environmental Goals section of this report for more information.
- In 2019, we developed a program that successfully diverted 130,000 pounds of a specific material from the landfill to a recycling facility at our Durham facility. This is in addition to the 430,000 pounds of a different form of the same material shipped to a recycling facility that year.



### Global Manufacturing Waste Generation in Millions of Pounds



### Global Manufacturing Waste Disposal Methods

	2016	2017	2018	2019
<b>Hazardous Waste</b>				
Wastewater Treated	52.6%	47.1%	61.2%	50.2%
Recovery, including Energy Recovery	21.6%	39.1%	29.1%	38.8%
Landfill	2.8%	4.6%	3.6%	5.8%
Incineration	5.6%	2.5%	3.6%	2.9%
Recycling	17.4%	6.6%	2.5%	2.3%
<b>Non-Hazardous Waste (including solid waste)</b>				
Recycling	33.5%	28.7%	31.7%	35.1%
Wastewater Treated	41.4%	42.2%	32.1%	25.0%
Landfill	21.3%	18.5%	21.2%	22.1%
Recovery, including Energy Recovery	0.4%	5.4%	11.3%	10.8%
Reuse	3.1%	4.7%	3.0%	6.3%
Composting	0.1%	0.5%	0.6%	0.7%
Incineration	0.1%	0.1%	0.1%	0.1%

**Organizational Profile**

GRI Standard	GRI Standard Description	Location	Comments
102-1	Name of the organization	Corporate Profile	
102-2	Activities, brands, products, and services	Corporate Profile	
102-3	Location of headquarters	Corporate Profile	
102-4	Location of operations	Corporate Profile	The majority of our products are manufactured at our production facilities located in North Carolina, California, Arkansas and China. We also use contract manufacturers for certain products and aspects of product fabrication, assembly and packaging. We operate research and development facilities in North Carolina, Arizona, Arkansas, California and China (including Hong Kong).
102-5	Ownership and legal form	GRI Content Index	Publicly traded company
102-6	Markets served	Corporate Profile 2019 Annual Report*	
102-7	Scale of the organization	Corporate Profile 2019 Annual Report*	
102-8	Information on employees and other workers	Our Employees	We employ over 5,000 regular full and part-time employees. We also employ individuals on a temporary full-time basis and use the services of contractors as necessary. We also have a rapidly-developing intern program. For competitive and other valid business reasons, we do not report information at the requested level.
102-9	Supply chain	Supply Chain Supplier Code of Conduct* Responsible Minerals Sourcing Policy California Proposition 65	

\* can be found on [cree.com](http://cree.com)

**Organizational Profile (continued)**

GRI Standard	GRI Standard Description	Location	Comments
102-10	Significant changes to the organization and its supply chain	2019 Annual Report*	In 2019, we divested our Lighting Products business unit operations, which included a facility in Racine, Wisconsin and Durham, North Carolina (referred to as the Weck Drive site).
102-11	Precautionary Principle or approach	Risk Management 2019 Annual Report* Energy and Greenhouse Gas Emissions	
102-12	External initiatives	EHS Policy ISO 14001 Product Quality	<p>Our first EHS Policy was adopted in December 2015 and applies to all global Cree   Wolfspeed operations.</p> <p>Our Durham, Research Triangle Park (RTP), and Huizhou sites became certified to ISO 14001 in May 2016. Our Morgan Hill site became certified in early 2020.</p> <p>Our Durham, Research Triangle Park (RTP), Morgan Hill, Mesa, Fayetteville and Huizhou sites are certified for quality standards (ISO 9001, IATF 16949, AS9100).</p>

\* can be found on [cree.com](http://cree.com)

**Organizational Profile (continued)**

GRI Standard	GRI Standard Description	Location	Comments
102-12	External initiatives	Energy and Greenhouse Gas Emissions	We joined EP100 in 2017. EP100 is a collaborative initiative of influential businesses that pledge to double their energy productivity. We also disclose our global manufacturing GHG emissions and climate change risks and opportunities to CDP Climate Change.
		Community Engagement	We support local organizations in the areas in which we operate.
		NC Environmental Stewardship	Our North Carolina manufacturing facilities became members of the North Carolina Environmental Stewardship Initiative in 2018.
102-13	Membership of associations	GRI Content Index	At the corporate level, we are a member of EP100, PowerAmerica, The Semiconductor Industry Association, Automotive Industry Action Group (AIAG), and JEDEC Solid State Technology Association's committee JC-70 Wide Bandgap Power Electronic Conversion Semiconductors.

**Strategy**

GRI Standard	GRI Standard Description	Location	Comments
102-14	Statement from senior decision-maker	CEO Message	

**Ethics and Integrity**

GRI Standard	GRI Standard Description	Location	Comments
<b>102-16</b>	Values, principles, standards, and norms of behavior	Code of Conduct*  Code of Ethics for Executive Officers and Other Senior Financial Personnel*	Our Code of Conduct reflects our commitment to integrity and describes standards of conduct for our employees and directors. Our executive officers and other senior financial personnel are also subject to additional policies stated in the Code of Ethics for Executive Officers and Other Senior Financial Personnel.
<b>102-17</b>	Mechanisms for advice and concerns about ethics	Code of Conduct*	Our Code of Conduct contains our guidelines for ethical business practices, including how employees can report breaches of Cree   Wolfspeed policies.

**Governance**

GRI Standard	GRI Standard Description	Location	Comments
<b>102-18</b>	Governance structure	Board of Directors and Committee Composition	

\* can be found on [cree.com](http://cree.com)

### Stakeholder Engagement

GRI Standard	GRI Standard Description	Location	Comments
102-40	List of stakeholder groups	Materiality Assessment	
102-41	Collective bargaining agreements	GRI Content Index	The vast majority (more than 99.9%) of employees are not covered by collective bargaining agreements.
102-42	Identifying and selecting stakeholders	Materiality Assessment	
102-43	Approach to stakeholder engagement	Materiality Assessment	
102-44	Key topics and concerns raised	Materiality Assessment	

### Reporting Practice

GRI Standard	GRI Standard Description	Location	Comments
102-45	Entities included in the consolidated financial statements	2019 Annual Report*	
102-46	Defining report content and topic Boundaries	Sustainability Reporting Materiality Assessment	
102-47	List of material topics	Materiality Assessment	

\* can be found on [cree.com](http://cree.com)

## Reporting Practice (continued)

GRI Standard	GRI Standard Description	Location	Comments
102-48	Restatements of information	GRI Content Index	Any information that was reported in both this report and the previous report indicates the information was still relevant to 2019 operations. Refer to 102-49 for more information about changes in our reporting for current and previous years' data
102-49	Changes in reporting	GRI Content Index	In 2019, we divested our Lighting Products business unit operations, which included a facility in Racine, Wisconsin and Durham, North Carolina (referred to as the Weck Drive site). The data presented in this report for years prior to 2019 exclude these facilities as well as another Durham, North Carolina facility (referred to as Alston Avenue, which was a Lighting Products facility that was closed in 2018) so that we can establish a new baseline around our LED, power and radio frequency operations. 2019 is also the first year we included all global facilities (owned and leased manufacturing facilities, R&D only facilities, sales offices and warehouses) in our energy and GHG emissions totals. The scope of all other data prior to 2019 in this report (excluding number of employees) remains as owned manufacturing facilities only. We are working to incorporate other data (e.g., water use, waste) for our leased manufacturing facilities, R&D-only facilities, sales offices and warehouses in the future. More information about the data in this report can be found in the Independent Assurance Statement.
102-50	Reporting period	GRI Content Index	Calendar Year 2019. The majority of the data included in this report is on a calendar year basis (January to December). Financial data is reported on a fiscal year basis (June to July).
102-51	Date of most recent report	GRI Content Index	9/22/20



<b>102-52</b>	Reporting cycle	GRI Content Index	The reporting cycle is annual. However, content may be updated throughout the reporting cycle. Refer to our Sustainability website pages for the most recent information.
<b>102-53</b>	Contact point for questions regarding the report	GRI Content Index	Cree_Sustainability@cree.com
<b>102-54</b>	Claims of reporting in accordance with the GRI Standards	Sustainability Reporting	
<b>102-55</b>	GRI content index	GRI Content Index	
<b>102-56</b>	External assurance	Sustainability Reporting	

**Financial Performance**

Material Topic	GRI Standard	GRI Standard Description	Location	Comments
<b>Economic Performance</b>	103-1,2,3	Management approach	2019 Annual Report*	
<b>Economic Performance</b>	201-1	Direct economic value generated and distributed	2019 Annual Report*	
<b>Economic Performance</b>	201-2	Financial implications and other risks and opportunities due to climate change	Energy and Greenhouse Gas Emissions	

**Energy Efficiency of Operations**

Material Topic	GRI Standard	GRI Standard Description	Location	Comments
<b>Energy</b>	103-1,2,3	Management approach	Energy and Greenhouse Gas Emissions	No Cree   Wolfspeed locations are subject to any country, regional, or industry regulations and policies for energy. When applicable, state air permit requirements limit the amount of fuel usage.
<b>Energy</b>	302-1	Energy consumption within the organization	Energy and Greenhouse Gas Emissions	All energy usage reported is purchased from the local utilities' energy grid. Our Morgan Hill facility purchases energy directly from renewable and carbon-free sources. All other renewable energy used at our facilities are based on the energy mix from the local utility. We do not sell energy. Energy consumption is determined using monthly supplier invoices or estimated using square feet of building space where invoices are not available.

\* can be found on [cree.com](http://cree.com)

**Energy Efficiency of Operations (continued)**

Material Topic	GRI Standard	GRI Standard Description	Location	Comments
<b>Energy</b>	302-2	Energy consumption outside of the organization	Energy and Greenhouse Gas Emissions	This metric is reported in terms of Scope 3 GHG emissions.
<b>Energy</b>	302-3	Energy Intensity	Environmental Goals  Energy and Greenhouse Gas Emissions	
<b>Energy</b>	302-4	Reduction of energy consumption	GRI Content Index	We had multiple energy efficiency projects at our Huizhou, China facility during 2019, including improvements to our CDA, chiller and exhaust systems, leading to an annual savings of approximately 7,700 MWh and 5,600 metric tons CO <sub>2</sub> e.

**Energy Efficiency of Operations (continued)**

Material Topic	GRI Standard	GRI Standard Description	Location	Comments
<b>Energy</b>	302-5	Reductions in energy requirements of products and services	Energy and Greenhouse Gas Emissions	The savings data reported represent what our products sold in 2019 will save over their estimated lifetimes. Energy usage and GHG emissions from our products were compared to their less efficient alternative products to derive energy use savings. For lighting applications, our LED products were compared to non-LED lighting fixtures (e.g., metal halide lamps, fluorescent bulbs, etc.). For applications where LEDs are currently the standard choice we assumed no energy savings. Our power products, made from silicon carbide, were compared to similar products made from silicon. Our radio frequency products, made from silicon carbide, were compared to similar products made from either silicon or gallium-arsenide.

**Water and Wastewater Management**

Material Topic	GRI Standard	GRI Standard Description	Location	Comments
<b>Water and Effluents</b>	103-1,2,3	Management approach	Water	
<b>Water and Effluents</b>	303-1	Interactions with water as a shared resource	Water	
<b>Water and Effluents</b>	303-2	Management of water discharge-related impacts	Water	

**Water and Wastewater Management (continued)**

<b>Material Topic</b>	<b>GRI Standard</b>	<b>GRI Standard Description</b>	<b>Location</b>	<b>Comments</b>
<b>Water and Effluents</b>	303-3	Water withdrawal	Water	Water withdrawal data is either collected from meters or water utility bills.
<b>Water and Effluents</b>	303-4	Water discharge	Water	Water discharge data is either collected from meters or water utility bills.
<b>Water and Effluents</b>	303-5	Water consumption	Water	Other than small rainwater collection tanks, we do not hold water in water storage facilities or reservoirs.
<b>Effluents and Waste</b>	306-1	Water discharge by quality and destination	Water	Water discharge data is either collected from meters or water utility bills. The recycled water is reused in our process. Wastewater is sent to local wastewater treatment facilities. Water consumed in process refers to water that is consumed or evaporated during manufacturing. Water discharged meets local regulatory requirements for water quality.
<b>Effluents and Waste</b>	303-6	Water bodies affected by water discharges and/or runoff	Water	Discharges and runoff from our global manufacturing operations do not negatively affect water bodies. The industrial wastewater discharges are all released to local wastewater treatment facilities and stormwater is monitored to ensure it meets discharge criteria, which prevents degradation of local water supplies.

**Air Emissions/Pollution**

Material Topic	GRI Standard	GRI Standard Description	Location	Comments
<b>Emissions</b>	103-1,2,3	Management approach	Energy and Greenhouse Gas Emissions  Other Air Emissions	We are not currently subject to any country, regional, or industry regulations and policies for GHG emissions. When applicable, our US manufacturing sites are subject to local air pollution regulations for criteria pollutants (NOx, SOx, etc.) and toxic air pollutants. Our sites comply with regulations through each site’s air permit requirements.
<b>Emissions</b>	305-1	Direct (Scope 1) GHG emissions	Energy and Greenhouse Gas Emissions	All Scope 1 emissions were calculated using methodologies and emission factors from the US EPA Mandatory Greenhouse Gas Reporting Rule: <ul style="list-style-type: none"> <li>• Global warming potentials: 40 CFR 98, Table A-1 (IPCC AR4 - 100 year)</li> <li>• Fuel usage emissions: 40 CFR 98 Subpart C</li> <li>• Electronics manufacturing emissions: 40 CFR 98 Subpart I</li> </ul> The gases included in the calculations are CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , refrigerants and heat transfer fluids (HTFs). Cree does not emit biogenic CO <sub>2</sub> .
<b>Emissions</b>	305-2	Energy indirect (Scope 2) GHG emissions	Energy and Greenhouse Gas Emissions	We used the 2018 EPA eGRID subregional emission factors to calculate Scope 2 emissions from the use of electricity at our US facilities. For our facilities outside of the US, International Energy Agency (IEA) emission factors were used. We used global warming potentials from the US EPA Mandatory Greenhouse Gas Reporting Rule, 40 CFR 98, Table A-1 (IPCC AR4 - 100 year). We do not emit biogenic CO <sub>2</sub> .

**Air Emissions/Pollution (continued)**

Material Topic	GRI Standard	GRI Standard Description	Location	Comments
<b>Emissions</b>	305-3	Other indirect (Scope 3) GHG emissions	Energy and Greenhouse Gas Emissions	Scope 3 emissions were calculated for all relevant categories except processing of sold products, which is relevant but not yet calculated. Sources of emission factors include EPA eGRID, International Energy Agency (IEA), EPA GHG Emission Factors Hub, Ecoinvent, EPA WARM, DEFRA and Greenhouse Gas Protocol (Quantis). We used global warming potentials from the US EPA Mandatory Greenhouse Gas Reporting Rule, 40 CFR 98, Table A-1 (IPCC AR4 - 100 year).
<b>Emissions</b>	305-5	Reduction of GHG emissions	GRI Content Index	We had multiple energy efficiency projects at our Huizhou, China facility during 2019, including improvements to our CDA, chiller and exhaust systems, leading to an annual savings of approximately 7,700 MWh and 5,600 metric tons CO <sub>2</sub> e. The divestment of our Lighting Operations resulted in a reduction of approximately 6,700 metric tons CO <sub>2</sub> e. All data prior to 2019 included in this report (except for total number of employees) has been adjusted to remove Lighting Operations so we can establish a new baseline. Our usage of fuel and fluorinated gases in our manufacturing processes changed in 2019 compared to 2018 due to changes in output and product mix, which resulted in a total reduction of approximately 6,600 metric tons CO <sub>2</sub> e in 2019 compared to 2018.

**Waste Management**

<b>Material Topic</b>	<b>GRI Standard</b>	<b>GRI Standard Description</b>	<b>Location</b>	<b>Comments</b>
<b>Effluents and Waste</b>	103-1,2,3	Management approach	Waste Management	
<b>Effluents and Waste</b>	306-2	Waste by type and disposal method	Waste Management	Waste disposal method information is provided by our waste disposal vendors. Non-hazardous wastewater is excluded from our non-hazardous waste totals.
<b>Effluents and Waste</b>	306-3	Significant spills	GRI Content Index	We did not have any significant spills in 2019.
<b>Effluents and Waste</b>	306-4	Transport of hazardous waste	Waste Management	We do not import or export hazardous waste and do not ship hazardous waste internationally. All of the hazardous waste reported in our Waste Management section is transported for treatment. We do not include waste treated for elementary neutralization on site in our hazardous waste totals.



**Employee Attraction, Development and Retention**

<b>Material Topic</b>	<b>GRI Standard</b>	<b>GRI Standard Description</b>	<b>Location</b>	<b>Comments</b>
<b>Employment</b>	103-1,2,3	Management approach	Our Employees Employee Retention Employee Engagement	
<b>Employment</b>	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Benefits	
<b>Training and Education</b>	103-1,2,3	Management approach	Training and Development	
<b>Training and Education</b>	404-2	Programs for upgrading employee skills and transition assistance programs	Training and Development Employee Engagement	Programs to upgrade employee skills can be found in the Training and Development and Employee Engagement sections. We also offer transition assistance programs. We offer outplacement services to employees terminated as a result of reduction in workforce.
<b>Training and Education</b>	404-3	Percentage of employees receiving regular performance and career development reviews	Training and Development	For competitive and other valid business reasons, we do not report information at the requested level.
<b>Diversity and Equal Opportunity</b>	103-1,2,3	Management approach	Diversity, Equity and Inclusion Code of Conduct* Employee Resource Groups	
<b>Non-discrimination</b>	103-1,2,3	Management approach	Diversity, Equity and Inclusion Code of Conduct* Employee Resource Groups	

**Occupational Health and Safety**

<b>Material Topic</b>	<b>GRI Standard</b>	<b>GRI Standard Description</b>	<b>Location</b>	<b>Comments</b>
<b>Occupational Health and Safety</b>	103-1,2,3	Management approach	Health and Safety— Our Employees and Contractors	Our Health & Safety information has also been reported using guidance from the Center for Safety & Health Sustainability.
<b>Occupational Health and Safety</b>	403-1	Occupational health and safety management system	Health and Safety— Our Employees and Contractors	
<b>Occupational Health and Safety</b>	403-2	Hazard identification, risk assessment, and incident investigation	Health and Safety— Our Employees and Contractors	
<b>Occupational Health and Safety</b>	403-3	Occupational health services	Health and Safety— Our Employees and Contractors	
<b>Occupational Health and Safety</b>	403-4	Worker participation, consultation, and communication on occupational health and safety	Health and Safety— Our Employees and Contractors	

**Occupational Health and Safety (continued)**

<b>Material Topic</b>	<b>GRI Standard</b>	<b>GRI Standard Description</b>	<b>Location</b>	<b>Comments</b>
<b>Occupational Health and Safety</b>	403-5	Worker training on occupational health and safety	Health and Safety— Our Employees and Contractors	
<b>Occupational Health and Safety</b>	403-6	Promotion of worker health	Health and Safety— Our Employees and Contractors	
<b>Occupational Health and Safety</b>	403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Health and Safety— Our Employees and Contractors	
<b>Occupational Health and Safety</b>	403-8	Workers covered by an occupational health and safety management system	Health and Safety— Our Employees and Contractors	All employees and workers who are not employees but whose work and/or workplace is controlled by Cree   Wolfspeed are covered by our occupational health and safety management system.
<b>Occupational Health and Safety</b>	403-9	Work-related injuries	Health and Safety— Our Employees and Contractors	
<b>Occupational Health and Safety</b>	403-10	Work-related ill health	Health and Safety— Our Employees and Contractors	

**Labor and Employment Practices**

<b>Material Topic</b>	<b>GRI Standard</b>	<b>GRI Standard Description</b>	<b>Location</b>	<b>Comments</b>
<b>Labor/ Management Relations</b>	103-1,2,3	Management approach	Code of Conduct* Supplier Code of Conduct*	
<b>Labor/ Management Relations</b>	402-1	Minimum notice periods regarding operational changes	GRI Content Index	Depending on the magnitude of the change, the notification time afforded to employees is measured more in month timeframes instead of week timeframes.
<b>Child Labor</b>	103-1,2,3	Management approach	Code of Conduct* Supplier Code of Conduct*	
<b>Child Labor</b>	408-1	Operations and suppliers at significant risk for incidents of child labor	GRI Content Index	We maintain hiring age restrictions and health and safety standards for both employees and employees of suppliers. Our Supplier Code of Conduct specifically prohibits the use of child labor in violation of local laws and regulations in the country or countries in which Cree   Wolfspeed does business. Based on available information, we do not have any operations or suppliers considered to have significant risk for incidents of child labor or young workers exposed to hazardous work.

\* can be found on [cree.com](http://cree.com)

**Labor and Employment Practices**

Material Topic	GRI Standard	GRI Standard Description	Location	Comments
<b>Forced or Compulsory Labor</b>	103-1,2,3	Management approach	Code of Conduct* Supplier Code of Conduct*	
<b>Forced or Compulsory Labor</b>	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	GRI Content Index	We maintain standards prohibiting forced or compulsory labor for both employees and employees of suppliers. Our Supplier Code of Conduct specifically prohibits forced or compulsory labor by our suppliers. Based on available information, we do not have any operations or suppliers considered to have significant risk for incidents of forced or compulsory labor.
<b>Human Rights Assessment</b>	103-1,2,3	Management approach	Code of Conduct*	Per our Code of Conduct, Cree   Wolfspeed policies and procedures apply to all subsidiaries. If we maintain the majority of the ownership of joint ventures, its policies and procedures will closely mirror those of Cree   Wolfspeed.

\* can be found on [cree.com](http://cree.com)

## Labor and Employment Practices

Material Topic	GRI Standard	GRI Standard Description	Location	Comments
<b>Human Rights Assessment</b>	412-1	Operations that have been subject to human rights reviews or impact assessments	GRI Content Index	None of our operations have been subject to human rights reviews or human rights impact assessments.
<b>Human Rights Assessment</b>	412-2	Employee training on human rights policies or procedures	GRI Content Index	Human rights policies are outlined in our Code of Conduct. Annually, all employees are required to re-read and sign off on our Code of Conduct. Every other year, all non-US employees undergo in person Code of Conduct training. All US based employees are required to annually complete and acknowledge a number of compliance courses. The course topics vary from year to year, but regularly include human rights related subject matter. Training topics are assigned to employees based on their role within the company. The total number of hours devoted to this training is between 2 to 4 hours per employee (over 10,500 hours total).
<b>Human Rights Assessment</b>	412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	Code of Conduct* Supplier Code of Conduct* Purchase Order Terms and Conditions*	Our Code of Conduct, Supplier Code of Conduct, and Standard Purchase Order Terms and Conditions include human rights clauses. We require that any supplier that works with us follows our Supplier Code of Conduct. Cree   Wolfspeed is committed to abiding by human rights laws and expects our suppliers and vendors to do the same.

\* can be found on [cree.com](http://cree.com)

**Ethical Business Practices**

Material Topic	GRI Standard	GRI Standard Description	Location	Comments
<b>Anti-corruption</b>	103-1,2,3	Management approach	Code of Conduct*	
<b>Anti-corruption</b>	205-1	Operations assessed for risks related to corruption	GRI Content Index	Included in our Code of Conduct, which applies to all Cree operations, are specific policies directed to ensure compliance with the Foreign Corrupt Practices Act (FCPA) and UK Bribery Act, among other anti-corruption statutes.
<b>Anti-corruption</b>	205-2	Communication and training about anti-corruption policies and procedures	GRI Content Index	<p>Our Code of Conduct contains our guidelines for ethical business practices, including bribery and corruption.</p> <p>Annually, all employees are required to re-read and sign off on our Code of Conduct. Every other year, all employees undergo in person Code of Conduct training.</p> <p>All US based employees are required to annually complete and acknowledge a number of compliance courses. The course topics vary from year to year, but regularly include human rights related subject matter. Training topics are assigned to employees based on their role within the company. The total number of hours devoted to this training is between 2 to 4 hours per employee (over 10,500 hours total).</p>

\* can be found on [cree.com](http://cree.com)

**Ethical Business Practices (continued)**

Material Topic	GRI Standard	GRI Standard Description	Location	Comments
<b>Anti-competitive Behavior</b>	103-1,2,3	Management approach	Code of Conduct*	
<b>Anti-competitive Behavior</b>	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	GRI Content Index	In 2019, Cree   Wolfspeed did not have any legal actions regarding anti-competitive behavior or violations of anti-trust and monopoly legislation.

**Supply Chain/Sourcing Issues**

Material Topic	GRI Standard	GRI Standard Description	Location	Comments
<b>Procurement Practices</b>	103-1,2,3	Management approach	Supplier Code of Conduct* Purchase Order Terms and Conditions* Responsible Minerals Sourcing Policy California Proposition 65	
<b>Procurement Practices</b>	204-1	Proportion of spending on local suppliers	GRI Content Index	Where possible, we seek to obtain goods and services from local suppliers in the locations where we conduct business. We do not currently track proportion of spending on local suppliers. We are currently updating our procurement policy to better reflect our commitment to responsible purchasing and supplier diversity.

\* can be found on [cree.com](http://cree.com)



**Supply Chain/Sourcing Issues (continued)**

<b>Material Topic</b>	<b>GRI Standard</b>	<b>GRI Standard Description</b>	<b>Location</b>	<b>Comments</b>
<b>Supplier Environmental Assessment</b>	103-1,2,3	Management approach	Supplier Code of Conduct*  Purchase Order Terms and Conditions*	
<b>Supplier Environmental Assessment</b>	308-1	New suppliers that were screened using environmental criteria	GRI Content Index	Cree   Wolfspeed expects all suppliers to make a clear commitment to environmental compliance through the Supplier Code of Conduct and the Standard Purchase Order Terms and Conditions.
<b>Supplier Social Assessment</b>	103-1,2,3	Management approach	Supplier Code of Conduct*  Purchase Order Terms and Conditions*	
<b>Supplier Social Assessment</b>	414-1	New suppliers that were screened using social criteria	GRI Content Index	Through the Supplier Code of Conduct and the Standard Purchase Order Terms and Conditions, Cree   Wolfspeed expects all suppliers to make a clear commitment to social compliance, including health and safety, labor and diversity, and ethical business practices.

\* can be found on [cree.com](http://cree.com)

**Customer Satisfaction**

Material Topic	GRI Standard	GRI Standard Description	Location	Comments
<b>Customer Satisfaction</b> <i>No GRI Topic Available</i>	103-1,2,3	Management approach	Customer Satisfaction	
<b>Customer Health and Safety</b>	103-1,2,3	Management approach	Health and Safety - Our Customers and Partners  Customer Satisfaction	
<b>Customer Health and Safety</b>	416-1	Assessment of the health and safety impacts of product and service categories	Product Ecology*  California Proposition 65	We maintain an active program to minimize harmful materials, including lead and cadmium, in our products. All changes that occur at our manufacturing sites undergo a Management of Change process. During this process, changes are assessed based on a number of criteria including whether the changes will affect product safety.

**Product Quality**

Material Topic	GRI Standard	GRI Standard Description	Location	Comments
<b>Product Quality</b> <i>No GRI Topic Available</i>	103-1,2,3	Management approach	Product Quality	

\* can be found on [cree.com](http://cree.com)

**Intellectual Property Security (Cyber & Data Security)**

Material Topic	GRI Standard	GRI Standard Description	Location	Comments
<b>Intellectual Property</b> <i>No GRI Topic Available</i>	103-1,2,3	Management approach	2019 Annual Report* Licensing*	We have always maintained sophisticated physical and digital security measures to protect our employees, systems and data. In 2019, Cree's Security and various other teams continued to advance security controls. Employees play an active role in protecting Cree's systems and data by participating in regular Information Security Awareness Trainings, supporting system updates and following security policies and procedures such as reporting suspicious activity.

**Product Innovation**

Material Topic	GRI Standard	GRI Standard Description	Location	Comments
<b>Product Innovation</b> <i>No GRI Topic Available</i>	103-1,2,3	Management approach	Product Innovation	

## Independent Assurance Statement to Cree Inc.

**Introduction & Objectives:** Trinity Consultants, Inc. (Trinity) was engaged by Cree Inc. (Cree) to provide independent assurance for specified calendar year (CY) 2019 environmental, health and safety (EHS) data presented in the Cree Sustainability Report 2020. The overall objective of this process was to provide assurance to Cree's stakeholders on the accuracy, completeness, reliability and objectivity of the specified EHS information included in the Report. This Assurance Statement applies to the information included within the subject Scope of Work.

**Scope of Work:** Cree requested that Trinity perform limited assurance of the following specified EHS performance data for CY 2019 (January 1, 2019 to December 31, 2019) to determine whether they are fairly presented, in all material respects, in a manner consistent with the designated reporting criteria:

- Direct (Scope 1) greenhouse gas (GHG) emissions from stationary combustion and process sources (247,202 metric tons CO<sub>2</sub>e)
- Indirect, location-based (Scope 2) GHG emissions from purchased electricity and steam (166,055 metric tons CO<sub>2</sub>e)
- Indirect (Scope 3) emissions resulting from three of the 15 potential Scope 3 categories: waste generation (1,486 metric tons CO<sub>2</sub>e), upstream transportation/distribution (5,534 metric tons CO<sub>2</sub>e) and downstream transportation/distribution (1,368 metric tons CO<sub>2</sub>e)
- Energy consumption (463,036 Megawatt Hours)
- Third-party water withdrawal (364.2 million gallons)
- Total waste generated/disposed (13.2 million pounds)
- Injury-illness rate (0.88)

The reported data was evaluated against Cree's internal sustainability reporting procedures, as well as requirements for reporting GHG emissions data to CDP.

Our procedures assessed the appropriateness and effectiveness of underlying corporate reporting processes, management controls and systems used to develop, compile, analyze and report the specified EHS data.

The boundary for GHG emissions and energy consumption data included in this assurance is limited to the 20 owned manufacturing and warehouse facilities together with administrative offices under Cree operational control during the subject period. For water withdrawal and waste generation/disposal data, the boundary included the four manufacturing facilities only. Text, descriptions, interpretations or other written statements in the Sustainability Report 2020 were not included in the scope of Trinity's work.

**Reporting Criteria:** Cree has developed the data subject to this verification as documented in their corporate Sustainability Data Management Plan. This Plan incorporates specific definitions for each EHS performance indicator and the basis on which these data are compiled, calculated and reported. External criteria utilized to develop these data included:

- The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard, GHG Protocol Scope 2 Guidance, and Corporate Value Chain (Scope 3) Accounting and Reporting Standard.
- US EPA 40 CFR Part 98 Mandatory GHG Reporting Rule, Subpart I equations
- GRI Standards 2016, Global Sustainability Standards Board
- IPCC AR4 (100-yr) Global Warming Potentials



- U.S. EPA eGRID 2020 (2018 data)
- US EPA Center for Corporate Climate Leadership GHG Emission Factors Hub (2018)

**Assurance Standard:** Trinity's work was conducted following our standard assurance methodology and approach for external verification of sustainability data, in part based on the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other Than Audits or reviews of Historical Financial Information* (2012), suitably adapted. Greenhouse gas inventory verification was conducted to address CDP verification requirements, as well.

**Responsibilities:** Cree management is solely responsible for the EHS performance data and its presentation in the Sustainability Report 2020. Trinity was not involved in the collection or development of the reported data or development of the 2020 Sustainability Report.

Trinity's responsibility is to perform an assurance engagement to provide conclusions on the agreed Scope of Work based on the assurance activities performed, consistent with exercising our professional judgement.

**Assurance Methodology:** Trinity conducted the following activities during this assurance engagement:

- Interviewed key staff from Cree's corporate headquarters in Durham, NC responsible for Cree's sustainability program, activities, and management systems for the specified EHS performance data;
- Ensured that Cree's scope and boundaries reflected in the reported data are fair and accurate;
- Reviewed documentation and interviewed other relevant staff to understand and evaluate the processes, systems and methodologies used to collect, compile, consolidate, analyze and report data for the specified EHS performance indicators;
- Reviewed Cree's corporate GHG Inventory Management Plan and suitability of calculations, GWPs, and conversion and emission factors;
- Reviewed the corporate consolidation of data for specified EHS performance data, and compared it to data submitted from six of the 20 individual facilities owned by Cree;
- To meet CDP reporting and verification requirements, verification procedures were applied to more than 70 percent each of the company's enterprise-wide Scope 1 and location-based Scope 2 GHG emissions, and to specified categories of reported Scope 3 emissions;
- Selected underlying facility source data on a test basis and conducted a desktop review of these sample data to confirm specified site data for six facilities including Durham, Research Triangle Park, Huizhou, Fayetteville, Morgan Hill and Mesa; and
- Reviewed the presentation of the above performance data in the Sustainability Report 2020 to ensure consistency with our findings, and to address changes and corrections with Cree where necessary.

**Trinity's Opinion:** Based on Trinity's verification activities, nothing has come to our attention to indicate that the corporate CY 2019 data for the specified Scope 1, location-based Scope 2 and selected Scope 3 GHG emissions, and EHS performance metrics listed under 'Scope of Work' and presented in the Cree Sustainability Report 2020 are not fairly presented, in all material respects, in a manner consistent with the designated reporting criteria.

Trinity has concluded that Cree has implemented sufficient processes, systems and controls for the accurate collection and analysis of activity data used to determine the reported data.



**Trinity's Observations:** Trinity has provided Cree with a separate management report. Without affecting the conclusions presented above, we have the following observations:

- Cree has established a GHG Inventory Management Plan to guide the development and reporting of data with a focus on energy and GHG emissions. Cree should consider reflecting current methods and approach, formalize processes and controls around complete sustainability data development and review, and roll out the Plan to all facilities.
- Key Cree EHS staff at corporate and facilities conduct monthly and annual reviews of reported data to confirm completeness and accuracy. Cree should consider improving the documentation of this process and interactions during this process.
- Underlying data supporting facility reporting of GHG-related and EHS data were made available during this verification process. Cree should consider establishing a more systematic process for obtaining, compiling, and archiving these data for future internal QA/QC and report verification.

**Limitations:** Our work did not include visits or physical inspections of any of Cree's operating facilities, other than interaction with staff located at Cree's Durham, NC headquarters.

Trinity's approach to this verification was not intended to detect all weakness in management controls as described above. The verification was performed on corporate management controls on a test basis. Further, it should be noted that the reliability of GHG and EHS data may be subject to inherent uncertainties, based on the established methods used to measure or calculate the underlying information.

This Assurance Statement is only valid when it is published with the Sustainability Report 2020 to which it refers and may only be reproduced in its entirety.

**Statement of independence:** Trinity is an independent professional services firm that specializes in environmental, health and safety, and sustainability compliance, risk and performance management. We have developed and maintain a quality management system, certified to ISO 9001:2015. No member of the assurance team has a business relationship with Cree, its Managers or Directors other than for the purpose of verification of the subject GHG and sustainability data and reporting, or has had any involvement in writing the Report, data collection or validation, or the development or implementation of data systems. This verification has been conducted independently and we believe that there has been no conflict of interest.

A handwritten signature in black ink that reads "Rich Pandullo". The signature is written in a cursive, flowing style.

**Rich Pandullo, MEM, CM**

**Director, Sustainability and Environmental Management**

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August 21, 2020